



LAKE MINNETONKA CONSERVATION DISTRICT

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AGENDA – ***AMENDED**

LAKE MINNETONKA CONSERVATION DISTRICT

Wednesday, April 10, 2019

Wayzata City Hall

600 Rice Street, Wayzata, MN 55391

WORK SESSION

6:00 p.m. to 7:00 p.m.

The purpose of the Work Session is to allow staff to seek input from the Board and for the Board to discuss matters in greater detail than generally available at the formal Board Session. The Board may give staff direction or express a preference, but does not formally vote on matters during Work Sessions. While all meetings of the Board are open to the public, Work Session discussions are generally limited to the Board, staff, and designated representatives. Work Sessions are not videotaped.

1. Communications and Engagement – 15 mins
2. Mobile Meetings – 15 mins
3. Multiple Dock Licensees Listening Session – 30 mins

FORMAL BOARD AGENDA

7:00 p.m. to Adjournment

The purpose of the Formal Session is to allow the Board to conduct public hearings and to consider and take formal action on matters coming before the LMCD.

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **APPROVAL OF AGENDA**
5. **CHAIR ANNOUNCEMENTS**, Acting Chair Dan Baasen
6. **APPROVAL OF MINUTES** – 03/27/2019 LMCD Regular Board Meeting
7. **APPROVAL OF CONSENT AGENDA**
 - A) Audit of Vouchers (04/01/2019 – 04/15/2019)
 - B) March Financial Summary and Balance Sheets
 - C) Resolution accepting Save the Lake Contributions (02/27/2019 – 03/31/2019)
 - D) Resolution Authorizing 2019 AIS Prevention Watercraft Inspection Program Agreements***

- 8. PUBLIC COMMENTS** – Persons in attendance for subjects not on the agenda (**limited to 5 minutes**)
Audience members may provide information to the Board. The Board generally will not engage in public discussion or take action on items not on the agenda. The Board may ask for clarifications or direct staff to report back on items at future meetings.

9. PUBLIC HEARINGS

- A) None

10. OTHER BUSINESS

- A) Hennepin County Sheriff Office Presentation

11. OLD BUSINESS

- A) Annual Financial Audit Report

12. NEW BUSINESS

- A) Hennepin County Sheriff's Office Water Patrol Request for Funding

13. TREASURER REPORT

14. EXECUTIVE DIRECTOR UPDATE

15. STANDING LMCD COMMITTEE / WORKGROUP UPDATE

- Aquatic Invasive Species Taskforce – RFP Update
- Budget Workgroup
- Recodification Workgroup
- Save the Lake Committee
- Strategic Plan Subcommittee

16. ADJOURNMENT

Future Items – Tentative

- Lake Use Vision and Policy Discussion Continuing Series- TBD
 - Lake Sales Discussion – on hold

LAKE MINNETONKA CONSERVATION DISTRICT BOARD OF DIRECTORS

7:00 P.M., March 27, 2019
Wayzata City Hall

1. CALL TO ORDER

Chair Thomas called the meeting to order at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Members present: Gregg Thomas, Tonka Bay; Bill Cook, Greenwood; Gary Hughes, Spring Park; Dennis Klohs, Minnetonka Beach; Mike Molitor, Minnetrista; Chris Rich, Woodland; Nicole Stone, Minnetonka; and, Deborah Zorn, Shorewood. Also, present: Troy Gilchrist, LMCD Legal Counsel; Vickie Schleuning, Executive Director; and, Matt Cook, Environmental Administrative Technician.

Members absent: Ann Hoelscher, Victoria; Dan Baasen, Wayzata; Ben Brandt, Mound; Mark Kroll, Orono; and Jake Walesch, Deephaven. Excelsior Vacant.

4. APPROVAL OF AGENDA

MOTION: Hughes moved, Zorn seconded to approve the agenda as submitted.

VOTE: Motion carried unanimously.

5. CHAIR ANNOUNCEMENTS

Gilchrist administered the Oath of Office to the following Board member:

A) Oath of Office to Chris Rich (City of Woodland)

Chair Thomas stated that he has been told that there are people that would like to address the legislative update and noted that agenda item does not allow public comments. He suggested that people in attendance to address that item may make their comments during the public comment portions of the agenda.

6. APPROVAL OF MINUTES- 02/27/2019 LMCD Regular Board Meeting

MOTION: Molitor moved, Hughes seconded to approve the 02/27/2019 LMCD Regular Board Meeting minutes as submitted.

VOTE: Motion carried unanimously.

7. APPROVAL OF CONSENT AGENDA

MOTION: Zorn moved, Cook seconded to approve the consent agenda as presented. Items so approved included: **7A)** Audit of Vouchers (03/01/2019 – 03/15/2019) and (03/16/2019 – 03/31/2019); **7B)**

Resolution accepting Save the Lake Contributions (01/01/2019 - 02/26/2019); **7C)** January and February Financial Summary and Balance Sheets; **7D)** LMCIT Liability Coverage Waiver Form; and **7E)** Summary of Executive Director Review.

VOTE: Motion carried unanimously.

Chair Thomas noted that on March 12th he met with Schleuning to review her performance review. He noted that a multipage summary was prepared summarizing the input from the Board. He noted that goals for the upcoming year were agreed upon and are available to the Board.

8. PUBLIC COMMENTS- Persons in attendance, subjects not on the agenda (limited to 5 minutes)

Matt Johnson, 1432 Shoreline Drive in Wayzata, stated that he is a member of the Orono City Council but is not speaking for the city as a whole. He referenced item 12 on the agenda, the emergency powers, and stated that he has received some letters from the Mayor or Orono and Executive Director pertaining to the legislation. He encouraged the Board to support and encourage conversations related to items on the agenda. He noted that this issue arose quickly and questioned the appropriate way to address an item that arises quickly. He stated that this issue will be on the next agenda for the Orono City Council as well. He stated that the concern shared by the Executive Director in the report is the same concern that Orono has, in that the bodies were not made aware of the issue and were not allowed to comment. He asked why the letter did not request an extension of time on the request which would allow the Board, and the member cities, to provide comments. He stated that he has concerns with the position that the LMCD Board has taken in the letter and would like time to react. He commented that the cities are capable and can cooperate with the LMCD for situations above the ordinary high-water mark. He stated that the cities have jurisdiction on the properties, the capacity to enforce, and the ability through code to enforce. He rejected the idea of the LMCD making a position that would impact Orono, when the item did not have enough time to be considered by the LMCD Board.

Chair Thomas stated he would like to add items to the Chair Announcement. He referenced the donations to the Save the Lake fund that were made in memory of Thomas Bernard. He stated that in lieu of flowers, the family requested that memorials be made to the Save the Lake Fund at the LMCD. He recognized and thanked the family for the donations received as a result of that generosity.

9. PUBLIC PRESENTATIONS

A) Wayzata Sailing School Project and Access Update

Schleuning stated that the LMCD enjoys collaborating with different partners, which includes educational opportunities. She stated that the Wayzata Sailing School offers opportunities for public access for a diverse population and thought the information would be good to share.

Matt Thompson, Executive Director of Wayzata Sailing School, provided background information about the non-profit organization. He provided information about the brand and purpose of the program along with highlighting the different programs offered, which are categorized between racing, programs, and community

events. He reviewed the partners that the organization worked with the previous year through outreach, schools and camps, and community. He noted that Hennepin County has been a great partner in support with different funding grants. He stated that the Mike Plant Community Boat House is under construction and will be a new home for the organization. He displayed a sketch of the old property, noting that they worked hard over the last decade to create the new community building and reviewed a sketch of the new building. He hoped that the building could be used year-round, compared to the four to five months that the program was able to run in the old building. He provided input about the budget for the construction process and stated that they have raised most of the funds to complete the building this year. He stated that they have about \$800,000 left in fundraising needs and asked that the community think of them when making donations or contributions. He thanked the community and LMCD for their continued support.

Chair Thomas thanked them for the work they do for the Lake Minnetonka Community.

10. PUBLIC HEARING

There were no public hearings.

11. OTHER BUSINESS

There was no other business.

12. OLD BUSINESS

A) Emergency Powers and Cost Recovery Code Amendment

Gilchrist stated that he was asked about this item previously, providing an example of the early thaw and how that did not align with the dates in the deicing regulations. He explained that the Code should recognize that there are circumstances that may arise that need action from the Executive Director yet would not necessarily require the full Board to be called in for an emergency meeting. He noted that a draft of the ordinance was reviewed at the January 9th worksession. He stated that the revised ordinance was included in the Board packet. He stated that the comments from the Board at the last review have also been incorporated into the draft ordinance.

Chair Thomas stated that the intention is that this code section would be used infrequently, and the Board would receive a report at the next Board meeting following an emergency decision. He explained that in order for the Board to meet there is a three-day notice period and therefore in an emergency situation it would not make sense to require a three-day notice.

Gilchrist stated that if there truly was an emergency situation that needs the attention of the Board, that could be called without the three-day notice. He explained that this policy is meant to address those situations that arise in between those levels and could be addressed by action of the Executive Director.

Molitor asked what would prohibit the Executive Director from taking the actions described without this ordinance.

Gilchrist explained that the ordinance would specifically clarify the authority for the Executive Director to act. He

used the example of the early thaw, which provides a March date. He noted that action was needed earlier than that date this year to protect public safety because of the earlier than normal warm weather.

Molitor asked when a Board report would be provided.

Gilchrist explained that a report would be provided anytime the Executive Director would be acting within the scope of flexibility. He explained that the report not only is intended to inform the Board but also is an opportunity for the Board to provide input about the decisions that are made. He stated that there is a component where the Executive Director is to check with legal counsel when possible, to ensure that another person is commenting before taking action. He stated that this ordinance has nothing to do with the legislative activity and has no impact on that issue as this deals with life safety on the lake and is not related to legislative policy.

MOTION: Zorn moved, Hughes seconded to approve code amendment clarifying the authorization for the Executive Director to take necessary actions during emergency situations and authorizing the recovery of costs.

VOTE: Motion carried unanimously.

MOTION: Zorn moved, Hughes seconded to adopt the resolution approving summary language of the ordinance for publication.

VOTE: Motion carried unanimously.

13. NEW BUSINESS

A) Libbs Lake Association AIS Funding Request

Chair Thomas stated that Libbs Lake has submitted a funding request this year for AIS funding. He noted that the previous year the Board contributed \$2,500.

Schleunig stated that for the last few years there has been some level of support for AIS within Libbs Lake. She explained that the lake association uses an integrated approach and provided additional details. She noted that the lake association has followed all the recommendations and requirements for the use of the funds in the past and has been effective in the use of past funding.

Cook asked if this was an anticipated expense in the 2019 budget.

Schleunig stated that there were some funds identified for this type of funding and confirmed that the request was previously funding through AIS or Save the Lake.

Chair Thomas stated that Minnetonka pays a large portion of the levy assessments of the cities that make up the LMCD. He explained that because the LMCD harvester has not been able to get into Libbs Lake, that was a reason that the request had been approved in the past.

Zorn asked if a hold should be made on this approval given that the LMCD has put a hold on its harvesting activities this year.

Chair Thomas stated that he also asked that question. He stated that the LMCD harvesting program had been put on pause because of several concerns that the organization is attempting to address. He stated that this request uses a third-party harvester. He stated that the lake association is not proposing to bring in a harvesting machine and explained that the lake association brings in divers to harvest the material, which is a different type of AIS harvesting.

Zorn stated that the Board needs to be in agreement in the case that other communities come back to ask the Board for the reason the request is supported or not supported.

Cook stated that there is a line item in the 2019 budget for grants, and if the Board is inclined to approve a request, that it would come from the Save the Lake fund.

Molitor stated that he would take the opposite view of Zorn in that if the LMCD is not harvesting on the other part of the lake, the Board could at least support this group of residents taking this action. He asked the amount the Board would support, noting that he would support \$3,000 as \$2,500 was contributed the previous year.

Klohs stated that this is a justifiable and worthwhile cause but not in the context of what the LMCD is doing this year. He stated that there are many people that do not agree with putting the harvesting on pause and if this is approved, that could bring forward many more funding requests from other bays.

Rich agreed with Molitor that this is aside from the harvesting of the LMCD and would look to support the continued action of the lake association as it has done in the past.

Cook stated that it seems that the LMCD stopped harvesting on the lake in response to complaints. He noted that this group of people want to complete this activity and are asking for assistance. He stated that if other groups decide that they want to do something similar, that is something the Board would consider case by case. He did not see this related to shutting down the harvesting program.

Klohs stated that there may not be funds to approve future requests if the RFP is approved.

Cook agreed that if funds are not available, the Board would simply need to explain that if another request were to come in.

Hughes stated that the LMCD is looking at its harvesting program and is not harvesting this year. He stated that the Board decided not to harvest this year and that needs to be the decision, whether it is by machine or people, and therefore would not support the request.

Stone stated that she does see the point of the Board members that have spoken against the request. She stated that she also lives in Minnetonka and that the end of the year party for the last day of school is at that beach and the kids will not swim if there are weeds. She stated that it is a small amount of money that has a large impact to those residents and those who use the beach. She acknowledged that approving this request could open the door to

future requests from other resident groups.

MOTION: Molitor moved, Thomas seconded to approve the Libbs Lake Association funding request in the amount of \$3,000 from the Save the Lake fund to provide mechanical AIS removal from Lake Minnetonka.

Motion carried Ayes 5, Nays 3 (Zorn, Hughes, Klohs).

B) 2019 Alcoholic Beverage License Renewals

Schleunig presented the request for alcoholic beverage license renewals for 2019, noting that part of the review process includes a review from Hennepin County, State, training, and other conditions. She stated that the approval would be contingent upon the necessary completion of the background check, signed zoning certificates from municipalities with ports of call, inspections, and training. She stated that if the cities do not approve a port of call, that would become a license condition.

MOTION: Thomas moved, Rich seconded to approve the resolution approving specified liquor licenses for watercraft for hire on condition of satisfactory background investigations, receipts of signed zoning certificates from municipalities with ports of call, attendance at the annual training meeting, inspections, and other conditions as required.

VOTE: Motion carried unanimously.

C) Legislation Update

Chair Thomas asked Gilchrist to address a letter that was sent from the City of Orono that was most likely sent to all the members of the City Councils along with the County Commissioners. He stated that he met with his City Council to discuss the topic. He stated that there were untrue statements included in the letter from Orono.

Gilchrist stated that the question is regarding the authority of the Executive Director to respond to items. He noted that legislation was introduced to limit the current authority of the LMCD. He stated that the staff found out about the legislation after the first reading and the Board was not scheduled to meet for another few weeks. He stated that he consulted with the Executive Director and Board Officers to assist in drafting the letter of response. He noted that he helped the Executive Director draft the response letter and noted that she does have the authority to sign that letter of response to the legislature. He stated that the Executive Director has broad authority to act on behalf of the LMCD and does have the right to write a letter to the legislature on a proposed change to policy that has been on the books for many years. He stated that the Board Officers also have the authority to speak on behalf of the Board in favor of existing law. He stated that it is also important for the Board to support the Executive Director, especially in a situation where that authority has been called into question by other bodies.

Chair Thomas agreed that there needs to be transparency on both sides. He stated that the Board needs to respond to the Mayor of Orono in some fashion and send a copy to the members of the City Councils, County Commissioners, and other parties.

Gilchrist referenced the comment that was made that the LMCD believes that the cities do not have the capability to

manage on-land activities. He stated that was not the statement or intent of the comment in the letter regarding the 14 cities. He explained that the LMCD was created to establish unified regulations for the lake as a whole, rather than 14 different sets of rules to apply on the lake. He stated that certain activity that occurs above the ordinary high-water level, such as storage of watercraft, could impact density of the lake. He stated that the intent was that the LMCD should regulate activity that impacts the water or activity on the water. He stated that the letter states that the jurisdiction currently belongs to the LMCD and should remain with the LMCD.

Klohs stated that there has been reference that the letter came from the Mayor of Orono and/or his City Council and asked if Orono held a public meeting on the topic.

Chair Thomas was unsure. He noted that it was stated that the Mayor of Orono asked his City Administrator to send the letter to the other City Administrators, noting that the letter asks that the information be conveyed to the full Council.

Klohs proposed that the LMCD draft a letter that summarizes the statements of Gilchrist and send that letter to the applicable parties.

Chair Thomas stated that he has become increasingly concerned as he continues to receive questions. He stated that the Executive Director has done a great job and responded in the manner in which she should have, as Gilchrist and all four Officers were consulted. He noted that an email from the Executive Director and Chair Thomas was sent to the full Board about the bill and letter. He stated that the LMCD was informed of the bill on Thursday and on Friday the decision was made that Chair Thomas would testify on the topic.

Cook asked if the City Administrator for municipalities has similar authority as the LMCD Executive Director.

Chair Thomas stated that he does not want to debate Orono. He noted that Orono has sent out a letter criticizing the activity of the LMCD and Executive Director and calling for the resignation of the Executive Director and Board. He stated that needs to be responded to as the Executive Director did nothing wrong and responded in the appropriate manner with consultation of legal staff and the Board Officers.

Rich agreed that the Executive Director acted appropriately, and that time is of the essence on this topic. He commended Schleuning for stepping up and acting as the Executive Director on behalf of the Board. He stated that he would be open to discussion with Orono but believes that it is inappropriate that Orono has called out Schleuning in this manner.

Cook agreed with the comments made thus far. He stated that the Board should pass a motion in support of the action taken by Schleuning. He stated that the motion could then be shared. He stated that if letters are drafted back and forth, things can be taken out of context and that can continue the debate.

Klohs stated that Gilchrist represents many municipalities outside of the LMCD and asked what his recommendation would be.

Gilchrist stated that his natural reaction would be to communicate with a letter but noted that the decision would be of the Board. He stated that as a governmental entity the Board is subject to opinions on the job they are doing and

not everything can be responded to, agreeing that it can sometimes be counterproductive to respond. He stated that if the Board is comfortable that the Executive Director acted within her authority, it can be left at that. He stated that because there was a letter from Orono, he would suggest that some action be taken, whether that is through a motion of support to be shared or letter.

Klohs stated that he agrees that the intent of Orono was to create visibility and back and forth and the LMCD should not become involved in this since this is a non-issue and therefore, there is no basis for the comments made.

Chair Thomas stated that he would like the members of the Board to speak with their City Council to share the comments from the Board to provide clarity.

Schleunig stated that she appreciates the support. She agreed that the Board should keep it simple and move on. She stated that it would have been helpful to have input on the topic prior to the introduction of the bill. She believes that this is an item that could be incorporated into the Board's current engagement initiative and as we move forward in the next steps of reviewing code performance standards.

MOTION: Cook moved, Rich seconded that the Board of the Lake Minnetonka Conservation District (LMCD) supports the Executive Director for her work on the legislative efforts to date on SF1691 and HF1729. The Board has expressed to the Executive Director that she has the authority to do what was done and the Executive Director acted in a professional manner in support of the LMCD.

VOTE: Motion carried unanimously.

MOTION: Cook moved, Rich seconded to direct staff to circulate a copy of the motion to all City Managers and City Council members, the appropriate County Commissioners, and the legislative Committee.

VOTE: Motion carried unanimously.

Chair Thomas stated that a bill was submitted in both the Senate and House that states that the LMCD should not have authority over the ordinary high-water mark. He stated that he spoke in representation of the LMCD against the proposed bill and the Mayor of Spring Park who is also a marina owner spoke in favor of the proposed bill. He stated that the Mayor of Spring Park believed that the largest motivator on this topic for the LMCD was financial. Thomas explained that the LMCD receives \$7.50 per dry dock slip and the largest dry dock has about 120 boats. He stated that there are currently only four dry dock permit holders. He noted that the issue is not about funding and is about boat density and activity. He stated that the vote in the Senate passed in favor of the bill and therefore the bill will continue to move forward. He stated that the House bill has not come forward yet for testifying. He asked if the LMCD should continue to invest time on this topic.

Cook stated that it is his understanding that the Senate is putting this in the omnibus bill. He stated that if approved by the Finance Committee in the Senate, the bill will be combined in the omnibus bill. He noted that there is a similar process in the House. He stated that he would be supportive of trying to provide testimony on behalf of the LMCD whenever appropriate.

Rich stated that he received a call from Senator Osmek, and the bill has been included in the omnibus bill.

Chair Thomas noted that the legislature granted the LMCD's powers in 1967 and that power could be taken away in 2019. He believed that the LMCD should continue to explain their position.

Molitor stated that he also supports the LMCD continuing the stance that it has taken. He stated that the whole topic of transparency is laughable because the two legislative representatives represent the district that he lives in. He noted that the first time he heard about the bill was in the communication from the Executive Director. He stated that the legislative representatives that proposed the bill should have come to the LMCD. He believed that the activity of those two legislative representatives is despicable. He believed that the LMCD should continue to express their position on authority as this could create a huge issue with density on the lake that would not only impact those that live on the lake but those that enjoy the lake as well.

Stone stated that Senator Osmek has not returned her phone calls. She asked if Senator Osmek returned the call from Rich and what his reasoning was in proposing the bill.

Rich confirmed that he left a message for Senator Osmek and his call was returned. He stated that the conversation was relatively brief. He stated that the Board is a group of reasonable people that are open to dialogue and did not see it appropriate that this issue should have been pushed through without addressing or alerting the LMCD.

Chair Thomas stated that Schleuning, Cook, Klohs, and Zorn attended the hearing at the Senate as well.

Zorn stated that if this density is allowed to increase on land, the neighborhoods where the commercial marinas exist could experience problems. She noted that the neighborhoods may not be in favor of the additional traffic that would be created from the additional density.

Chair Thomas stated that if the bill passes, the LMCD would not be allowed to permit dry dock storage. He noted that the cities could still manage that activity, it just is not the authority that was given to the LMCD to regulate the lake equally.

Klohs stated that the legislature established the LMCD in 1967 and there is a baseline reality that this is the most active and complicated lake in Minnesota and many of the member cities are very small. He stated that it is easy to state that the LMCD is water and the municipalities are land, but in this complicated lake it is not that simple as they interact. He stated that rather than talking to any of the staff or Board, the legislative representatives chose to attempt to sneak this legislation through. He believed that staff should stay involved and attempt to educate those involved.

Chair Thomas confirmed the consensus of the Board to support staff and the Board Officers and to continue to provide testimony in support of the LMCD's current legislative authority.

14. TREASURER REPORT

Cook reported that once the audit is received from 2018, the 2020 budget process will begin.

15. EXECUTIVE DIRECTOR UPDATE

Schleuning provided the following information:

- Ice and open water dangers. The Hennepin County Sheriff's Office is advising everyone to stay off the ice because it is not safe.
- The LMCD was awarded AIS funds, \$20,000 from Hennepin County, for the watercraft inspection program to help prevent the spread of AIS. The LMCD will continue to work with Three Rivers Park District on the program. They have incorporated other educational activities into the program such as boater safety and courtesy. Additional discussion about monitoring for AIS is in progress.

Cook asked if the LMA representative in the audience would be willing to work with the LMCD regarding AIS monitoring activities. Evanson indicated that he would and Schleuning agreed that would be beneficial.

- In follow up to questions that Board members and staff have received in regards to options to address problem vegetation growth, staff reached out to other agencies that have integrated vegetation management and/or harvesting programs to obtain cost estimates, along with reaching out to lake service providers for cost estimates to control AIS vegetation. Costs vary depending on types of vegetation harvested, availability of service provider, control method, offload locations, etc. She asked if the Board desires to allocate a level of funds for this type of harvesting if there are navigation or safety concerns. She suggested \$10,000. She also asked if the Board would like staff to spearhead the efforts since it can be time consuming, especially for separate parties. She noted that vegetative control would be site specific to determine the most critical areas and when the situation would be deemed as warranted. Schleuning stated that both the MN DNR APM and AIS would work with the LMCD to shorten processing times to address these types of issues.

Chair Thomas stated that he liked that the DNR would agree to help permit the activity. He noted that there is a budget for harvesting and perhaps it would be appropriate to allocate \$10,000 for harvesting in critical areas if that is deemed necessary. He asked if the decision could be made when the time comes.

Cook agreed that the decision could be made as the time comes. He would not support allocating funds now but believed that staff should spearhead the effort. He noted that staff can apply for the permit and the activity can be updated to the Board.

Molitor agreed with the comments of Cook.

Rich agreed that as long as the activity does not conflict with the intent of the harvesting motion that was passed, he would agree with activity as needed for navigation and safety.

The other members of the Board did not disagree with the comments and supported the action as described.

16. STANDING LMCD COMMITTEE/WORKGROUP

Aquatic Invasive Species Taskforce: Cook reported that three proposals were received in response to the RFP. He

stated that the group will review the RFPs and begin the evaluation and selection process.

Budget Workgroup: Cook had nothing further to report.

Recodification Workgroup: Gilchrist stated that he attempted to schedule a conference call with the Workgroup in attempt to develop a plan to get the information out for public comment. He stated that he will develop a list of options to solicit input from the Workgroup.

Save the Lake Committee: Chair Thomas reported that the group has not met since the last update.

Strategic Plan Subcommittee: Zorn reported that the group met and is in the process of moving forward.

17. ADJOURNMENT

MOTION: Cook moved, Molitor seconded to adjourn the meeting at 8:50 p.m.

VOTE: Motion carried unanimously.

Gregg Thomas, Chair

Ann Hoelscher, Secretary

11:04 AM

04/02/19

Lake Minnetonka Conservation District
Check Detail
 April 1 - 15, 2019

ITEM 7A

Date	Num	Name	Memo	Account	Class	Paid Amount
04/11/2019	EFT19-42	ADP		Alerus Checking		
			Salaries - Admin	4020M10 · Salaries-002 - Admin	Admin.	-7,358.77
			P. E.R.A.	2020 · Payroll Liabilities -	Admin.	1,027.65
			ER PERA	4022M10 · ER PERA - Admin	Admin.	-550.52
			ER/FICA Medicare - Admin	4021M10 · ER Share of Admin FICA/Medi...	Admin.	-561.56
			Long Term Disability	2020-LT · Payroll Liabilities - UNUM	Admin.	42.13
TOTAL						-7,401.07
04/11/2019	EFT19-43	ADP Service Fee		Alerus Checking		
			Payroll 4/1/19 - 4/15/19	4180M10 · Professional Services - Admin.	Admin.	-77.00
TOTAL						-77.00
04/11/2019	EFT19-44	SelectAccount Group Service Center		Alerus Checking		
			HSA Employer Contribution for A...	4380M10 · Employee Benefits - Admin.	Admin.	-112.50
			HSA Employer Contribution for A...	4380M10 · Employee Benefits - Admin.	Admin.	-112.50
TOTAL						-225.00
04/11/2019	EFT19-45	P.E.R.A		Alerus Checking		
			Payroll 4/1/19 - 4/15/19	2020 · Payroll Liabilities -	Admin.	-1,027.65
TOTAL						-1,027.65
04/11/2019	EFT19-46	Unum Life Insurance		Alerus Checking		
			Long Term Disability	2020-LT · Payroll Liabilities - UNUM	Admin.	-84.78
TOTAL						-84.78
04/11/2019	21584	AIS Advanced Imaging Solutions		Alerus Checking		
04/11/2019	Inv.#381234186		Copier Contract 3/20/19 - 4/20/19	4140M10 · Equipment R&M - Admin.	Admin.	-255.52
TOTAL						-255.52

11:04 AM

04/02/19

Lake Minnetonka Conservation District
Check Detail
 April 1 - 15, 2019

Date	Num	Name	Memo	Account	Class	Paid Amount
04/11/2019	21585	Kennedy & Graven	LK110-00004	Alerus Checking		
04/11/2019	February 2019		Legal Fees, February, 2019	4620M10 · Legal Fees - Admin.	Admin.	-2,600.26
			Codification Project	4670M10 · Recodification	Admin.	-1,574.30
TOTAL						-4,174.56
04/11/2019	21586	LMCC		Alerus Checking		
04/11/2019	Inv.#1273		VOD Services for Meeting 3/27/19	4182M10 · Media (Cable/Internet) - Admin.	Admin.	-100.00
TOTAL						-100.00
04/11/2019	21587	Mark Hodges Media Productions		Alerus Checking		
04/11/2019	Inv.#20190327		Meeting 3/27/19	4182M10 · Media (Cable/Internet) - Admin.	Admin.	-80.00
TOTAL						-80.00
04/11/2019	21588	MN NCPERS	Unit #923600	Alerus Checking		
04/11/2019	April 2019		Life Insurance, March 2019	4380M10 · Employee Benefits - Admin.	Admin.	-32.00
TOTAL						-32.00
04/11/2019	21589	Tallen & Baertschi		Alerus Checking		
04/11/2019	March 2019		March prosecution costs	4640M10 · Prosecution Fees - Admin.	Admin.	-1,463.23
TOTAL						-1,463.23

Lake Minnetonka Conservation District
Administrative Profit & Loss Budget vs. Actual
 January through March 2019

ITEM 7B

04/04/19

Accrual Basis

	Jan - Mar...	Budget	\$ Over B...	% of Bud...
Ordinary Income/Expense				
Income				
Grants & Other Income				
3080M10 · Interest - Admin.	1,644	500	1,144	329%
3300M10 · Other Income - Admin.	0	0	0	0%
3340M10 · Public Agency Grants - Adm	0	1,000	-1,000	0%
Total Grants & Other Income	1,644	1,500	144	110%
Licenses/Permits				
3110M10 · Multiple/Perm. Dock Lic -Admin.	73,576	83,000	-9,424	89%
3120M10 · DMA license - Admin.	3,350	3,600	-250	93%
3130M10 · Deicing License - Admin.	262	6,000	-5,738	4%
3170M10 · Variances - Admin.	0	1,000	-1,000	0%
3200M10 · Special Density - Admin.	0	500	-500	0%
3220M10 · Special Events - Admin.	0	0	0	0%
3240M10 · Charter Boats - Admin.	6,300	3,400	2,900	185%
3280M10 · Liquor/Beer/Wine License-Admin.	14,900	17,500	-2,600	85%
Total Licenses/Permits	98,388	115,000	-16,612	86%
3020M10 · Municipal Dues - Admin.	52,891	280,000	-227,110	19%
3260M10 · Court Fines - Admin.	9,965	50,000	-40,035	20%
3400M10 · Transfers In - Admin.	0	0	0	0%
Total Income	162,887	446,500	-283,613	36%
Gross Profit	162,887	446,500	-283,613	36%
Expense				
Legal				
4110M10 · Public Info./Legal - Admin.	117	1,000	-883	12%
4620M10 · Legal Fees - Admin.	5,890	40,500	-34,610	15%
4640M10 · Prosecution Fees - Admin.	5,571	38,000	-32,429	15%
4650M10 · Room & Board - Admin.	0	500	-500	0%
4670M10 · Recodification	3,193	5,000	-1,807	64%
Total Legal	14,772	85,000	-70,228	17%
Office & Supplies				
4060M10 · Telephone - Admin.	573	4,000	-3,427	14%
4070M10 · Web Page / Internet - Admin.	0	1,750	-1,750	0%
4080M10 · Postage - Admin.	601	6,500	-5,899	9%
4100M10 · Printing - Admin.	0	8,200	-8,200	0%
4220M10 · Office Supplies -Admin.	962	4,500	-3,538	21%
4230M10 · Meeting Exp. - Admin.	755	7,000	-6,245	11%
4320M10 · Office Rent - Admin.	6,281	19,200	-12,919	33%
4340M10 · Insurance - Admin.	-8	4,000	-4,008	-0%
4360M10 · Subs/Memberships - Admin.	0	2,500	-2,500	0%
4400M10 · Mileage/Exp's - Admin.	50	1,500	-1,450	3%
4410M10 · Training/Prof. Devel. - ADM	0	1,000	-1,000	0%
4520M10 · Furniture & Equip - Admin.	0	1,550	-1,550	0%
4530M10 · Comp. Sftwr & Hdwr - Admin.	967	5,000	-4,033	19%
Total Office & Supplies	10,182	66,700	-56,518	15%
Personnel Expenses				
4020M10 · Salaries-002 - Admin	45,538	195,500	-149,962	23%
4021M10 · ER Share of Admin FICA/Medicare	3,387	16,000	-12,613	21%
4022M10 · ER PERA - Admin	3,320	15,000	-11,680	22%
4380M10 · Employee Benefits - Admin.	6,799	22,000	-15,201	31%
Total Personnel Expenses	59,044	248,500	-189,456	24%
Professional Services- ADM				
4040M10 · Auditing - Admin.	0	9,500	-9,500	0%
4180M10 · Professional Services - Admin.	972	5,500	-4,528	18%
4181M10 · Professional Comp. Serv.-Admin.	0	1,000	-1,000	0%
4182M10 · Media (Cable/Internet) - Admin.	920	4,000	-3,080	23%
Total Professional Services- ADM	1,892	20,000	-18,108	9%

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04/04/19

Accrual Basis

Lake Minnetonka Conservation District
Administrative Profit & Loss Budget vs. Actual
 January through March 2019

	Jan - Mar...	Budget	\$ Over B...	% of Bud...
3900M10 · Transfer Out (General Fund)	0	6,200	-6,200	0%
4140M10 · Equipment R&M - Admin.	1,264	1,500	-236	84%
4660M10 · Proactive Code Enforcement Prog	0	0	0	0%
4980M10 · Contingency - Admin.	-162	14,800	-14,962	-1%
4990M10 · Equip Rpl- Transfer Out - Admin	0	5,000	-5,000	0%
Total Expense	86,991	447,700	-360,709	19%
Net Ordinary Income	75,897	-1,200	77,097	-6,325%
Net Income	75,897	-1,200	77,097	-6,325%

Lake Minnetonka Conservation District
AIS Management/Prevention Profit & Loss Budget vs. Actual
 January through March 2019

	Jan - Mar 19	Budget	\$ Over Bu...	% of Budget
Ordinary Income/Expense				
Income				
3020M30 · Municipal Dues - AIS	14,556	80,000	-65,445	18%
3080M30 · Interest - AIS	0	200	-200	0%
3300M30 · Public Agencies/Other Income	0	0	0	0%
Total Income	<u>14,556</u>	<u>80,200</u>	<u>-65,645</u>	<u>18%</u>
Gross Profit	14,556	80,200	-65,645	18%
Expense				
AIS Prevention Program				
4151M30 · Equip. Supplies -AIS Prevention	0	0	0	0%
4181M30 · Prof. Services - AIS Prevention	0	0	0	0%
4383M30 · ER Share AIS Prevent. Fica-Med	0	0	0	0%
4531M30 · Software & Hardware/Training	400			
4981M30 · Contingency - AIS Prevention	0	0	0	0%
Total AIS Prevention Program	<u>400</u>	<u>0</u>	<u>400</u>	<u>100%</u>
EWM Harvesting Program				
Equipment & Repair				
4150M30 · Equip. Supplies & Maint. - EWM	0	13,000	-13,000	0%
4160M30 · Fuel - Harvester/Wk Boats-EWM	0	3,300	-3,300	0%
4170M30 · Fuel/Supply - Van - EWM	40	1,000	-960	4%
4720M30 · Contract Mechanic Fees - EWM	0	8,000	-8,000	0%
4721M30 · Specialty Mechanic - EWM	0	700	-700	0%
Total Equipment & Repair	<u>40</u>	<u>26,000</u>	<u>-25,960</u>	<u>0%</u>
Office & Supplies- EWM				
4060M30 · Telephone - EWM	0	150	-150	0%
4090M30 · DMV - EWM	0	35	-35	0%
4100M30 · Printing/Advertising - EWM	0	225	-225	0%
4130M30 · Uniforms - EWM	0	190	-190	0%
4350M30 · Ins./Equip. - EWM	0	400	-400	0%
Total Office & Supplies- EWM	<u>0</u>	<u>1,000</u>	<u>-1,000</u>	<u>0%</u>
Personnel Services- EWM				
4020M30 · Salaries - EWM	0	31,000	-31,000	0%
4021M30 · ER Share of EWM FICA/Medicare	0	1,400	-1,400	0%
4340M30 · Insurance W/C - EWM	0	3,100	-3,100	0%
Total Personnel Services- EWM	<u>0</u>	<u>35,500</u>	<u>-35,500</u>	<u>0%</u>
4740M30 · Truck Service - EWM	0	17,500	-17,500	0%
4980M30 · Contingency - EWM	0	200	-200	0%
Total EWM Harvesting Program	<u>40</u>	<u>80,200</u>	<u>-80,160</u>	<u>0%</u>
Total Expense	<u>440</u>	<u>80,200</u>	<u>-79,760</u>	<u>1%</u>
Net Ordinary Income	<u>14,116</u>	<u>0</u>	<u>14,116</u>	<u>100%</u>
Net Income	<u>14,116</u>	<u>0</u>	<u>14,116</u>	<u>100%</u>

Lake Minnetonka Conservation District
Save the Lake Profit & Loss Budget vs. Actual
 January through March 2019

04/04/19

Accrual Basis

	Jan - M...	Budget	\$ Over ...	% of Bu...
Ordinary Income/Expense				
Income				
Contributions				
3001M20 · Donations (General) - S/L	5,329	39,500	-34,171	13%
3002M20 · Donations (Photograph) - S/L	0	0	0	0%
3004M20 · Donations (Solar Light) - S/L	0	500	-500	0%
Total Contributions	5,329	40,000	-34,671	13%
3080M20 · Interest - S/L	0	500	-500	0%
Total Income	5,329	40,500	-35,171	13%
Gross Profit	5,329	40,500	-35,171	13%
Expense				
Office & Supplies- STL				
4080M20 · Postage - S/L	20	1,000	-980	2%
4100M20 · Printing - S/L	42	1,000	-958	4%
4220M20 · Office Supplies - S/L	0	300	-300	0%
Total Office & Supplies- STL	62	2,300	-2,238	3%
Projects & Activities- STL				
4110M20 · Environmental- S/L	0	2,000	-2,000	0%
4111M20 · Public Service/Education - S/L	117	2,000	-1,883	6%
4160M20 · Public Safety - S/L	0	36,000	-36,000	0%
Total Projects & Activities- STL	117	40,000	-39,883	0%
4980M20 · Contingency - S/L	0	0	0	0%
Total Expense	179	42,300	-42,121	0%
Net Ordinary Income	5,150	-1,800	6,950	-286%
Net Income	<u>5,150</u>	<u>-1,800</u>	<u>6,950</u>	<u>-286%</u>

Lake Minnetonka Conservation District

Balance Sheet

As of March 31, 2019

	Mar 31, 19
ASSETS	
Current Assets	
Checking/Savings	
Alerus Checking	
1024M10 · Alerus Checking - Gen	-249,819.28
1024M20 · Alerus Checking - STL	194,971.62
1024M30 · Alerus Checking - EWM	103,690.13
Alerus Checking - Other	12,820.69
Total Alerus Checking	61,663.16
USB Checking/4M Sweep	
1024M50 · USB Checking - 4M Sweep- EqpRI	745.00
Total USB Checking/4M Sweep	745.00
1026M20 · PayPal Account	-0.20
1090M10 · Alerus Bank - Savings	527,051.53
1090M50 · Alerus Savings - Equip. Repl	119,167.32
Total Checking/Savings	708,626.81
Accounts Receivable	
1140M10 · Accrued Interest	-1,395.00
1150M20 · Accounts Rec. - STL	53.69
1150M30 · Accounts Rec. - EWM	-10,000.00
Total Accounts Receivable	-11,341.31
Other Current Assets	
Accounts Rec. - EWM-A*	10,000.00
1010M10 · Petty Cash	300.00
1300M10 · Due From Other Gov. - Gen.	1,824.00
1400M10 · Rent Deposit - Gen	0.25
Total Other Current Assets	12,124.25
Total Current Assets	709,409.75
Fixed Assets	
1640M90 · Fixed Assets	489,214.00
1645M90 · Accumulated Depreciation	-366,432.00
Total Fixed Assets	122,782.00
TOTAL ASSETS	832,191.75
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2090 · Accounts Payable	
2090M10 · Accounts Payable - Gen	-892.85
2090M30 · Accounts Payable - EWM	-960.67
2090 · Accounts Payable - Other	-8,569.65
Total 2090 · Accounts Payable	-10,423.17
Total Accounts Payable	-10,423.17
Other Current Liabilities	
2020-LT · Payroll Liabilities - UNUM	7.63
2020 · Payroll Liabilities -	696.97
2020M10 · Accounts Payable - Gen	2,753.78
2020M20 · Accounts Payable - S/L	-9,946.31
2020M30 · Accounts Payable - EWM	10,000.00
2150 · M30 · Salaries Payable AIS EWM	-1,160.00
2150m10 · Salaries Payable	2,274.84
2150M90 · Accrued compensated absenses	5,789.00
2151M90 · Current portion of comp absens	7,192.93
Total Other Current Liabilities	17,608.84

Lake Minnetonka Conservation District

04/04/19

Balance Sheet

Accrual Basis

As of March 31, 2019

	Mar 31, 19
Total Current Liabilities	7,185.67
Total Liabilities	7,185.67
Equity	
Opening Bal Equity	102,800.32
Retained Earnings	617,056.13
2910M10 · Fund Balance - Admin.	18,951.51
2910M20 · Fund Balance - S/L	289,732.17
2910M30 · Fund Balance - EWM	5,348.85
2910M50 · Fund Balance - Equip Repl	79,749.07
2910M90 · Fixed Assets - Conversion Fund	-414,182.00
2970 · Current Year Excess Rev vs Exp	30,237.61
Net Income	95,312.42
Total Equity	825,006.08
TOTAL LIABILITIES & EQUITY	832,191.75



ITEM 7C

RESOLUTION NO. 185

A RESOLUTION ACCEPTING CONTRIBUTION(S) TO THE LAKE MINNETONKA CONSERVATION DISTRICT (LMCD)

WHEREAS, the LMCD is a regional government agency established by Minnesota Statutes Section 103B.605, Subd. 1;

WHEREAS, contributions to the LMCD "Save the Lake" fund are generally tax deductible to individuals under the IRS Code 26 USC Section 170 (b)(1)(a) because contributions to any political subdivision of any state for exclusively public purposes are deductible;

WHEREAS, municipalities are generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 for the benefit of its stakeholders, and is specifically authorized to accept gifts;

WHEREAS, LMCD wishes to follow similar requirements as established for municipalities for accepting donations;

WHEREAS, the attached listed person(s) and entity(ies) have offered to contribute the cash amount(s) set forth with any terms or conditions as outlined in Attachment I to the LMCD;

WHEREAS, such contribution(s) have been contributed to the LMCD for the benefit of the public, as allowed by law; and

WHEREAS, the LMCD Board of Directors finds that it is appropriate to accept the contribution(s) offered.

NOW THEREFORE, BE IT RESOLVED BY THE LMCD BOARD, STATE OF MINNESOTA AS FOLLOWS:

1. The contribution(s) described with Attachment I is/are accepted and shall be used to establish and/or operate services either alone or in cooperation with others, as allowed by law.

2. The executive director is hereby directed to issue receipt(s) acknowledging the LMCD's receipt of the contributor's contribution(s).

Adopted by the Board this 10th day of April, 2019.

Gregg Thomas, Chair

ATTEST:

Ann Hoelscher, Secretary

Lake Minnetonka Conservation District
Transaction Detail By Account
February 27 through March 31, 2019

RESOLUTION #185 Attachment 1 - Save the Lake Contribution

<u>Date</u>	<u>Num</u>	<u>Contributor</u>	<u>Memo</u>	<u>Amount</u>
02/28/2019	PayPal	Joe Fronius (recurring \$7.00)	Transfer from PayPal	6.50
02/28/2019	PayPal	Lisa Wald (\$75.00)	Transfer from PayPal	72.52
02/28/2019	PayPal	Carol Downie (\$500.00)	Transfer from PayPal	485.20
03/07/2019	PayPal	Joe Fronius (recurring \$7.00)	Transfer from PayPal	6.50
03/18/2019	183284	Jerry and Julia Young Charitable Fund	STL Donation (General)	500.00
03/18/2019	0004641705	Bob and Nan Woodburn	STL Donation (General)	500.00
03/25/2019	Benevity	Andrew Punch	Transfer from Benevity (Andrew Punch)	57.12
				<u>1,627.84</u>



LAKE MINNETONKA CONSERVATION DISTRICT

5341 MAYWOOD ROAD, SUITE 200 • MOUND, MINNESOTA 55364 • TELEPHONE 952/745-0789 • FAX 952/745-9085

DATE: April 10, 2019

TO: LMCD Board of Directors

FROM: Vickie Schleuning, Executive Director

RE: Resolution Authorizing 2019 AIS Prevention Watercraft Inspection Program Agreements

ACTION

Board consideration of a resolution authorizing a 2019 AIS Prevention Watercraft Inspection Program including acceptance of a grant agreement from Hennepin County for up to \$20,000 and an agreement with Three Rivers Park District to conduct watercraft inspections at three public accesses (Carsons, Halsted, Wayzata).

The following motions are offered depending on whether the Board wishes to approve or deny the proposed program.

Approval:

I make a motion to approve a resolution authorizing the Executive Director to enter into a contract with Hennepin County for the acceptance of a grant up to \$20,000 for the purpose of funding the Watercraft Inspection Program for 2019, and with Three Rivers Park District for conducting watercraft inspections.

Denial:

I make a motion to deny the authorization of a contract with Hennepin County for a grant up to \$20,000 for the purpose of funding the Watercraft Inspection Program for 2019 based on...

BACKGROUND

As previously discussed with the Board, LMCD staff applied for an AIS Prevention grant from Hennepin County on January 14, 2019. On March 26, 2019, Hennepin County awarded the LMCD with up to \$20,000 for AIS Prevention activities.

The LMCD applied to secure the funds for its Watercraft Inspection Program, which helps to prevent the spread of Aquatic Invasive Species (AIS) through inspections and education. It was a good discussion with a variety of perspectives.

The Hennepin County grant for up to \$20,000 can support the AIS Prevention Watercraft Inspection Program without additional funding from the LMCD. In further discussion with the TRPD, it is feasible to implement a watercraft inspection program, most likely rotating the schedule for each access.

A resolution is attached to authorize agreements with Hennepin County and Three Rivers Park District. If the resolution is approved by the Board, staff will work with the agencies to develop and implement a Watercraft Inspection Program that meets this funding criteria and overall goals of AIS Prevention & Education.

ATTACHMENT

- Resolution 186
- Hennepin County Grant Agreement
- Three Rivers Park District Watercraft Inspection Project Cooperative Agreement



RESOLUTION NO. 186

A RESOLUTION AUTHORIZING A CONTRACT WITH HENNEPIN COUNTY TO ACCEPT A GRANT FOR AIS PREVENTION FOR WATERCRAFT INSPECTIONS AND AUTHORIZING A CONTRACT WITH THREE RIVERS PARK DISTRICT TO IMPLEMENT WATERCRAFT INSPECTIONS

WHEREAS, Aquatic Invasive Species (AIS) pose a threat to the ecological integrity of a lake;

WHEREAS, an ecosystem imbalance can be detrimental to the recreational quality and economic value of Lake Minnetonka;

WHEREAS, the Lake Minnetonka Conservation District (LMCD) desires to implement watercraft inspections on public accesses to Lake Minnetonka to help reduce or prevent the spread of AIS and educate the public;

WHEREAS, Hennepin County has awarded the LMCD with a grant of up to \$20,000 for use in watercraft inspection to help prevent the spread of AIS into and from Lake Minnetonka;

WHEREAS, the LMCD has enjoyed a partnership with the Three Rivers Park District (TRPD) in implementing watercraft inspections across Lake Minnetonka the past several years;

WHEREAS, the LMCD appreciates the efforts and contributions of Hennepin County, TRPD, and other agencies in helping to prevent the spread of AIS;

NOW THEREFORE, BE IT RESOLVED BY THE LMCD BOARD, STATE OF MINNESOTA AS FOLLOWS:

1. The Executive Director is authorized to enter into a contract with Hennepin County for the acceptance of an amount not to exceed \$20,000, as noted in the grant.
2. The Executive Director is authorized to enter into contract with TRPD of an amount not to exceed \$20,000 to conduct watercraft inspections to include hire, train, and supervise the inspectors needed for watercraft inspections and provide reporting and other supportive program elements as needed.

Adopted by the Board this 10th day of April, 2019.

Gregg Thomas, Chair

ATTEST:

Ann Hoelscher, Secretary

GRANT AGREEMENT

This Grant Agreement ("Agreement") is between the COUNTY OF HENNEPIN, STATE OF MINNESOTA, A-2300 Government Center, Minneapolis, Minnesota 55487 ("COUNTY"), on behalf of the Hennepin County Environment and Energy Department, 701 4th Ave S Suite 700 Minneapolis, MN 55415, and Lake Minnetonka Conservation District, 5341 Maywood Rd Ste 200, Mound, MN, 55364 ("GRANTEE").

The parties agree as follows:

1. GRANT OF FUNDS

The COUNTY agrees to provide GRANTEE with funds in an amount not to exceed twenty thousand dollars (\$20,000.00) subject to the conditions set forth in this Agreement. GRANTEE shall be paid upon completion of negotiated terms as agreed. Except for the payments expressly set forth herein, costs and expenses for travel, airfare, lodging, per diem, parking, mileage, ground transportation, and all other costs or reimbursable expenses shall be paid by the GRANTEE and not reimbursed by the COUNTY.

2. SCOPE OF ACTIVITIES

In furtherance of this Agreement, by April 1, 2020 the Grantee shall perform and carry out, in a satisfactory and proper manner the following activities: Provide inspectors at Lake Minnetonka accesses including Carsons, Halstead and Wayzata Bays. This will be in partnership with the TRPD. All work will be consistent with grant application submitted to the county dated 1/14/2019. A final report consistent with the LMCD 2018 final report will be submitted to the COUNTY.

Where applicable, works of authorship created by GRANTEE for COUNTY in performance of this Agreement shall be considered "works made for hire" as defined in the U.S. Copyright Act. All right, title and interest in all copyrightable material which GRANTEE may conceive or originate either individually or jointly with others, and which arises out of the performance of this Agreement, are the property of COUNTY. GRANTEE assigns to COUNTY all right, title, interest and copyrights in and to the copyrightable material. GRANTEE shall also, upon request of COUNTY, execute all papers and perform all other acts necessary to assist COUNTY to obtain and register copyrights in those materials.

GRANTEE warrants that, when legally required, GRANTEE shall obtain the written consent of both the owner and licensor to reproduce, publish, and/or use any material supplied to COUNTY including, but not limited to, software, hardware, documentation, and/or any other item. GRANTEE further warrants that any material or item delivered by GRANTEE will not violate the United States copyright law or any property right of another.

3. PAYMENT

Payment for services shall be made directly to GRANTEE after completion of the services and upon the presentation of a claim as provided by law governing COUNTY's payment of claims and/or invoices. GRANTEE can submit invoices monthly for services rendered on a GRANTEE letterhead or invoice. Payment shall be made within thirty-five (35) days from receipt of the invoice.

GRANTEE shall not provide services under this Agreement without receiving a purchase order or purchase order number supplied by COUNTY. All invoices shall display a Hennepin County purchase order number and be sent to the central invoice receiving address supplied by COUNTY.

4. PROFESSIONAL CREDENTIALS

INTENTIONALLY OMITTED

5. INDEPENDENT CONTRACTOR

GRANTEE shall select the means, method, and manner of performing the services. Nothing is intended nor should be construed as creating or establishing the relationship of a partnership or a joint venture between the parties or as constituting GRANTEE as the agent, representative, or employee of COUNTY for any purpose. GRANTEE is and shall remain an independent contractor for all services performed under this Agreement. GRANTEE shall secure at its own expense all personnel required in performing services under this Agreement. GRANTEE's personnel and/or subcontractors engaged to perform any work or services required by this Agreement will have no contractual relationship with COUNTY and will not be considered employees of COUNTY. COUNTY shall not be responsible for any claims related to or on behalf of any of GRANTEE's personnel, including without limitation, claims that arise out of employment or alleged employment under the Minnesota Unemployment Insurance Law (Minnesota Statutes Chapter 268) or the Minnesota Workers' Compensation Act (Minnesota Statutes Chapter 176), or claims of discrimination arising out of state, local or federal law, against GRANTEE, its officers, agents, contractors, or employees. Such personnel or other persons shall neither accrue nor be entitled to any compensation, rights, or benefits of any kind from COUNTY, including, without limitation, tenure rights, medical and hospital care, sick and vacation leave, workers' compensation, unemployment compensation, disability, severance pay, and retirement benefits.

6. NON-DISCRIMINATION

In accordance with COUNTY's policies against discrimination, neither party shall exclude any person from full employment rights nor prohibit participation in or the benefits of any program, service or activity on the grounds of any protected status or class including but not limited to race, color, creed, religion, age, sex, disability, marital status, sexual orientation, public assistance status, or national origin. No person who is protected by applicable federal or state laws against discrimination shall be subjected to discrimination.

7. INDEMNIFICATION

Each PARTY shall defend, indemnify, and hold harmless the other PARTY, its present and former officials, officers, agents, volunteers and employees from any liability, claims, causes of action, judgments, damages, losses, costs, or expenses, including reasonable attorney's fees, resulting directly or indirectly from any act or omission of the Party, a subcontractor, anyone directly or indirectly employed by them, and/or anyone for whose acts and/or omissions they may be liable in the performance of the services required by this Agreement, and against all loss by reason of the failure of the Party to perform any obligation under this Agreement. For clarification and not limitation, this obligation to defend, indemnify and hold harmless includes but is not limited to any liability, claims or actions resulting directly or indirectly from alleged infringement of any copyright or any property right of another, the employment or alleged employment of Party personnel, the unlawful disclosure and/or use of protected data, or other noncompliance with the requirements of the provisions set forth herein.

8. INSURANCE

A. With respect to the services provided pursuant to this Agreement, GRANTEE shall at its sole expense, procure and maintain insurance of the types, and in the form and amounts described below from insurer(s) authorized to transact business in the state where services or operations will be performed by GRANTEE. Such insurance and required coverage shall be in forms acceptable to COUNTY. The insurance requirements described below shall be maintained uninterrupted for the duration of this Agreement and beyond such term when so required, and shall cover GRANTEE, and others for whom and/or to whom GRANTEE may be liable, for liabilities in connection with work performed by or on behalf of COUNTY, its agents, representatives, employees or contractors. GRANTEE is required to have and keep in force the following minimum insurance coverages or GRANTEE's actual insurance limits for primary coverage and excess liability or umbrella policy limits, whichever is greater:

(1) Commercial General Liability (CGL) on an occurrence basis with contractual liability coverage (this coverage shall be written on the most current ISO (Insurance Services Office, Inc.) CGL form or its equivalent provided XCU (explosion, collapse and underground) is not excluded):

	Limits
General Aggregate	\$2,000,000
Products - Completed Operations Aggregate	2,000,000
Personal and Advertising Injury	1,500,000
Each Occurrence - Combined Bodily Injury and Property Damage	1,500,000

(2) Workers' Compensation and Employer's Liability:

Workers' Compensation Statutory

If GRANTEE is based outside the state of Minnesota, coverage must comply with Minnesota law. If GRANTEE is a sole proprietor, it is exempted from the above Workers' Compensation requirements to the extent provided by Minnesota law. In the event that GRANTEE should hire employees or subcontract this work, GRANTEE shall obtain the required insurance.

Employer's Liability. Bodily injury by:

Accident - Each Accident	500,000
Disease - Policy Limit	500,000
Disease - Each Employee	500,000
(3) Professional Liability (PL/E&O) - Per Claim	1,500,000
Aggregate	2,000,000

The professional liability insurance must be maintained continuously for a period of three years after final acceptance of services or the expiration, cancellation or termination of this Agreement, whichever is later. Coverage shall include liability arising from the errors, omissions or acts of GRANTEE or any entity for which GRANTEE is legally responsible in the providing of services under the Agreement. Throughout the term of the Agreement, the PL/E&O policy shall include full prior acts coverage.

(4) Automobile Liability

GRANTEE shall maintain automobile liability and, if necessary, commercial umbrella insurance, with a limit of not less than \$500,000 each accident. Such insurance shall cover liability for bodily injury and property damage arising from the use or operation of any auto, including those owned, hired or otherwise operated or used by or on behalf of GRANTEE.

B. An umbrella or excess policy is an acceptable method to provide the required commercial general insurance coverage.

Coverage shall not include any exclusion or other limitations related to:

- (1) Scope of services;
- (2) Delays in project completion and cost overruns;
- (3) Persons or entities authorized to notify the carrier of a claim or potential claim; or
- (4) Mold, fungus, asbestos, pollutants or other hazardous substances.

The above establishes minimum insurance requirements. It is the sole responsibility of GRANTEE to determine the need for and to procure additional insurance which may be needed in connection with this Agreement. Upon written request, GRANTEE shall promptly submit copies of insurance policies to COUNTY.

GRANTEE shall not commence work until it has obtained required insurance and filed with COUNTY a properly executed Certificate of Insurance establishing compliance. The certificate(s) must name Hennepin County as the certificate holder, and as an additional insured for the commercial general liability coverage required herein. A self-insured retention (SIR) is not acceptable, unless expressly agreed to in writing by COUNTY. The funding of deductibles and self-insured retentions maintained by GRANTEE, if allowed by COUNTY, shall be the sole responsibility of GRANTEE. If the certificate form contains a certificate holder notification provision, the certificate shall state that the insurer will endeavor to mail to COUNTY thirty (30) day prior written notice in the event of cancellation/termination of any described policies. If GRANTEE receives notice of cancellation/termination from an insurer, GRANTEE shall fax or email a copy of the notice to COUNTY within two business days.

GRANTEE shall furnish to COUNTY updated certificates during the term of this Agreement as insurance policies expire. If GRANTEE fails to furnish proof of insurance coverages, COUNTY may withhold payments and/or pursue any other right or remedy allowed under contract, law, equity, and/or statute.

GRANTEE's required insurance shall be primary insurance and any insurance or self-insurance maintained by COUNTY shall be in excess of and non-contributory with GRANTEE'S insurance. GRANTEE waives all rights against COUNTY, its officials, officers, agents, volunteers, and employees for recovery of

damages to the extent that damages are covered by insurance of GRANTEE. If necessary, GRANTEE agrees to endorse the required insurance policies to permit waivers of subrogation in favor of COUNTY.

Notwithstanding anything to the contrary in this section, the coverages provided to GRANTEE by its policy with the League of Minnesota Cities shall be deemed sufficient to satisfy the requirements of this section without the need for GRANTEE to obtain any additional coverages.

9. DUTY TO NOTIFY

GRANTEE shall promptly notify COUNTY of any claim, action, cause of action or litigation brought against GRANTEE, its employees, officers, agents or subcontractors, which arises out of the services described in this Agreement. GRANTEE shall also notify COUNTY whenever GRANTEE has a reasonable basis for believing that GRANTEE and/or its employees, officers, agents or subcontractors, and/or COUNTY, might become the subject of a claim, action, cause of action, administrative action, criminal arrest, criminal charge or litigation arising out of and/or related to the services described in this Agreement.

10. DATA

A. GRANTEE, its officers, agents, owners, partners, employees, volunteers and subcontractors shall, to the extent applicable, abide by the provisions of the Minnesota Government Data Practices Act, Minnesota Statutes, chapter 13 (MGDPA) and all other applicable state and federal laws, rules, regulations and orders relating to data or the privacy, confidentiality or security of data. For clarification and not limitation, COUNTY hereby notifies GRANTEE that the requirements of Minnesota Statutes section 13.05, subd. 11, apply to this Agreement. GRANTEE shall promptly notify COUNTY if GRANTEE becomes aware of any potential claims, or facts giving rise to such claims, under the MGDPA or other data, data security, privacy or confidentiality laws, and shall also comply with the other requirements of this Section.

Classification of data, including trade secret data, will be determined pursuant to applicable law and, accordingly, merely labeling data as "trade secret" by GRANTEE does not necessarily make the data protected as such under any applicable law.

B. In addition to the foregoing MGDPA and other applicable law obligations, GRANTEE shall comply with the following duties and obligations regarding County Data and County Systems (as each term is defined herein). As used herein, "County Data" means any data or information, and any copies thereof, created by GRANTEE or acquired by GRANTEE from or through COUNTY pursuant to this Agreement, including but not limited to handwriting, typewriting, printing, photocopying, photographing, facsimile transmitting, and every other means of recording any form of communication or representation, including electronic media, email, letters, works, pictures, drawings, sounds, videos, or symbols, or combinations thereof.

If GRANTEE has access to or possession/control of County Data, GRANTEE shall safeguard and protect the County Data in accordance with generally accepted industry standards, all laws, and all applicable COUNTY policies, rules and direction. To the extent of any inconsistency between accepted industry standards and COUNTY policies, rules and directions, GRANTEE shall notify COUNTY of the inconsistency and follow COUNTY direction. GRANTEE shall immediately notify COUNTY of any known or suspected security breach or unauthorized access to County Data, then comply with all responsive

directions provided by COUNTY. The foregoing shall not be construed as eliminating, limiting or otherwise modifying GRANTEE's indemnification obligations herein.

C. COUNTY may, in its sole discretion, grant GRANTEE limited access to COUNTY computer/data systems including but not limited to COUNTY computers, networks, databases, applications and/or environments ("County Systems") exclusively for the purposes of performing services hereunder. County Systems may be owned by COUNTY or may be licensed by COUNTY from a third party. If COUNTY grants access to County Systems, GRANTEE and all GRANTEE personnel with access to County Systems shall comply with COUNTY data practices and security policies, rules and directions when accessing and using County Systems. Compliance with such requirements is supplemental to GRANTEE's duty to comply with applicable laws and regulations and GRANTEE's ordinary duty of care in such situations.

For clarification and not limitation of the foregoing, GRANTEE's access to County Systems shall be subject to the following: (i) GRANTEE shall notify all personnel with access to County Systems of the obligations imposed by this Agreement; (ii) personnel performing on behalf of GRANTEE shall complete COUNTY approved data practices and security training as required by COUNTY; (iii) if GRANTEE utilizes its own systems, software or equipment in the performance of this Agreement, the same shall meet COUNTY's technical operating and security system requirements, including but not limited to installing and/or maintaining COUNTY approved firewalls, proxies, filters and other monitors and controls; (iv) GRANTEE shall immediately notify COUNTY of any known or suspected County System incidents or breaches, then comply with all responsive directions provided by COUNTY; and (v) if any GRANTEE personnel with access to County Systems no longer requires said access and/or is no longer performing services hereunder, GRANTEE shall immediately notify COUNTY and ensure that said individual no longer has access to County Systems, including but not limited to deleting, eliminating and destroying all access points, usernames, passwords and/or other applicable credentials. Any notice required by the foregoing shall be provided to the COUNTY Contract Administrator (as identified in the CONTRACT ADMINISTRATION provisions below).

D. Upon expiration, cancellation or termination of this Agreement:

(1) At the discretion of COUNTY and as specified in writing by the Contract Administrator, GRANTEE shall deliver to the Contract Administrator all County Data so specified by COUNTY.

(2) COUNTY shall have full ownership and control of all such County Data. If COUNTY permits GRANTEE to retain copies of the County Data, GRANTEE shall not, without the prior written consent of COUNTY or unless required by law, use any of the County Data for any purpose or in any manner whatsoever; shall not assign, license, loan, sell, copyright, patent and/or transfer any or all of such County Data; and shall not do anything which in the opinion of COUNTY would affect COUNTY's ownership and/or control of such County Data.

(3) Except to the extent required by law or as agreed to by COUNTY, GRANTEE shall not retain any County Data that are confidential, protected, privileged, not public, nonpublic, or private, as those classifications are determined pursuant to applicable law. In addition, GRANTEE shall, upon COUNTY's request, certify destruction of any County Data so specified by COUNTY.

11. RECORDS - AVAILABILITY/ACCESS

Subject to the requirements of Minnesota Statutes section 16C.05, subd. 5, COUNTY, the State Auditor, or any of their authorized representatives, at any time during normal business hours, and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of GRANTEE and involve transactions relating to this Agreement. GRANTEE shall maintain these materials and allow access during the period of this Agreement and for six (6) years after its expiration, cancellation or termination.

12. SUCCESSORS, SUBCONTRACTING AND ASSIGNMENTS

A. GRANTEE binds itself, its partners, successors, assigns and legal representatives to COUNTY for all covenants, agreements and obligations herein.

B. GRANTEE shall not assign, transfer or pledge this Agreement and/or the services to be performed, whether in whole or in part, nor assign any monies due or to become due to it without the prior written consent of COUNTY. A consent to assign shall be subject to such conditions and provisions as COUNTY may deem necessary, accomplished by execution of a form prepared by COUNTY and signed by GRANTEE, the assignee and COUNTY. Permission to assign, however, shall under no circumstances relieve GRANTEE of its liabilities and obligations under the Agreement.

C. Permission to subcontract, however, shall under no circumstances relieve GRANTEE of its liabilities and obligations under the Agreement. Further, GRANTEE shall be fully responsible for the acts, omissions, and failure of its subcontractors in the performance of the specified contractual services, and of person(s) directly or indirectly employed by subcontractors. Contracts between GRANTEE and each subcontractor shall require that the subcontractor's services be performed in accordance with this Agreement. GRANTEE shall make contracts between GRANTEE and subcontractors available upon request. For clarification and not limitation of the provisions herein, none of the following constitutes assent by COUNTY to a contract between GRANTEE and a subcontractor, or a waiver or release by COUNTY of GRANTEE's full compliance with the requirements of this Section: (1) COUNTY's request or lack of request for contracts between GRANTEE and subcontractors; (2) COUNTY's review, extent of review or lack of review of any such contracts; or (3) COUNTY's statements or actions or omissions regarding such contracts.

D. As required by Minnesota Statutes section 471.425, subd. 4a, GRANTEE shall pay any subcontractor within ten (10) days of GRANTEE's receipt of payment from COUNTY for undisputed services provided by the subcontractor, and GRANTEE shall comply with all other provisions of that statute.

E. GRANTEE shall notify COUNTY in writing if another person/entity acquires, directly or indirectly, more than 50 percent of the voting power of the shares entitled to vote for directors of GRANTEE. Notice shall be given within ten (10) days of such acquisition and shall specify the name and business address of the acquiring person/entity. COUNTY reserves the right to require the acquiring person/entity to promptly become a signatory to this Agreement by amendment or other document so as to help assure the full performance of this Agreement.

13. MERGER, MODIFICATION AND SEVERABILITY

A. The entire Agreement between the parties is contained herein and supersedes all oral agreements and negotiations between the parties relating to the subject matter. All items that are referenced or that are attached are incorporated and made a part of this Agreement. If there is any conflict between the terms of this Agreement and referenced or attached items, the terms of this Agreement shall prevail.

B. GRANTEE and/or COUNTY are each bound by its own electronic signature(s) on this Agreement, and each agrees and accepts the electronic signature of the other party.

C. Any alterations, variations or modifications of the provisions of this Agreement shall only be valid when they have been reduced to writing as an amendment to this Agreement signed by the parties. Except as expressly provided, the substantive legal terms contained in this Agreement including but not limited to Indemnification, Insurance, Merger, Modification and Severability, Default and Cancellation/Termination or Minnesota Law Governs may not be altered, varied, modified or waived by any change order, implementation plan, scope of work, development specification or other development process or document.

D. If any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions will not be affected except that if the payment provision obligating the COUNTY to pay the GRANTEE in section 1 is deemed invalid, illegal or unenforceable then the GRANTEE need not perform the services required in section 2.

14. DEFAULT AND CANCELLATION/TERMINATION

A. If GRANTEE fails to perform any of the provisions of this Agreement, fails to administer the work so as to endanger the performance of the Agreement or otherwise breaches or fails to comply with any of the terms of this Agreement, it shall be in default. Unless GRANTEE's default is excused in writing by COUNTY, COUNTY may upon written notice immediately cancel or terminate this Agreement in its entirety. Additionally, failure to comply with the terms of this Agreement shall be just cause for COUNTY to delay payment until GRANTEE's compliance. In the event of a decision to withhold payment, COUNTY shall furnish prior written notice to GRANTEE.

If COUNTY fails to perform any of the provisions of this Agreement or otherwise breaches or fails to comply with any of the terms of this Agreement, it shall be in default. Unless COUNTY's default is excused in writing by GRANTEE, GRANTEE may upon written notice immediately cancel or terminate this Agreement in its entirety. Additionally, failure to comply with the terms of this Agreement shall be just cause for GRANTEE to delay performance until COUNTY's compliance. In the event of a decision to withhold performance, GRANTEE shall furnish prior written notice to COUNTY.

B. Notwithstanding any provision of this Agreement to the contrary, GRANTEE shall remain liable to COUNTY for damages sustained by COUNTY by virtue of any breach of this Agreement by GRANTEE. Upon notice to GRANTEE of the claimed breach and the amount of the claimed damage, COUNTY may withhold any payments to GRANTEE for the purpose of set-off until such time as the exact amount of damages due COUNTY from GRANTEE is determined. Following notice from COUNTY of the claimed breach and damage, GRANTEE and COUNTY shall attempt to resolve the dispute in good faith.

C. The above remedies shall be in addition to any other right or remedy available to COUNTY under this Agreement, law, statute, rule, and/or equity.

D. COUNTY's failure to insist upon strict performance of any provision or to exercise any right under this Agreement shall not be deemed a relinquishment or waiver of the same, unless consented to in writing. Such consent shall not constitute a general waiver or relinquishment throughout the entire term of the Agreement.

E. This Agreement may be canceled/terminated with or without cause by either party upon thirty (30) day written notice.

F. If this Agreement expires or is cancelled or terminated, with or without cause, by either party, at any time, GRANTEE shall not be entitled to any payment, fees or other monies except for payments duly invoiced for then-delivered and accepted deliverables/milestones pursuant to this Agreement.

G. If this Agreement expires or is cancelled or terminated, with or without cause, by either party, at any time, GRANTEE shall not be entitled to any payment, fees or other monies except for payments duly invoiced for then-delivered and accepted deliverables/milestones pursuant to this Agreement. In the event GRANTEE has performed work toward a deliverable that COUNTY has not accepted at the time of expiration, cancellation or termination, GRANTEE shall not be entitled to any payment for said work including but not limited to incurred costs of performance, termination expenses, profit on the work performed, other costs founded on termination for convenience theories or any other payments, fees, costs or expenses not expressly set forth in this Agreement.

H. GRANTEE has an affirmative obligation, upon written notice by COUNTY that this Agreement may be suspended or cancelled/terminated, to follow reasonable directions by COUNTY before incurring or making further costs, expenses, obligations or encumbrances arising out of or related to this Agreement.

15. SURVIVAL OF PROVISIONS

The following provisions survive, cancellation or termination: SERVICES TO BE PROVIDED (as to ownership of property); INDEPENDENT CONTRACTOR; INDEMNIFICATION; INSURANCE; DUTY TO NOTIFY; DATA; RECORDS-AVAILABILITY/ACCESS; DEFAULT AND CANCELLATION/TERMINATION; MEDIA OUTREACH; and MINNESOTA LAW GOVERNS.

16. CONTRACT ADMINISTRATION

In order to coordinate the services of GRANTEE with the activities of the Environment and Energy department so as to accomplish the purposes of this Agreement, Tony Brough, Senior Environmentalist, or successor ("Contract Administrator"), shall manage this Agreement on behalf of COUNTY and serve as liaison between COUNTY and GRANTEE.

Vickie Schleuning shall manage the agreement on behalf of GRANTEE. GRANTEE may replace such person but shall immediately give written notice to COUNTY of the name, phone number and email/fax number (if available) of such substitute person and of any other subsequent substitute person.

Phone: 952-745-0789

Email: vschleuning@lmcd.org

17. COMPLIANCE AND NON-DEBARMENT CERTIFICATION

A. GRANTEE shall comply with all applicable federal, state and local statutes, regulations, rules and ordinances currently in force or later enacted.

B. If the source or partial source of funds for payment of services under this Agreement is federal, state or other grant monies, GRANTEE shall comply with all applicable conditions of the specific referenced or attached grant.

C. GRANTEE certifies that it is not prohibited from doing business with either the federal government or the state of Minnesota as a result of debarment or suspension proceedings.

18. PAPER RECYCLING

COUNTY encourages grantee to develop and implement an office paper and newsprint recycling program.

19. NOTICES

Unless the parties otherwise agree in writing, any notice or demand which must be given or made by a party under this Agreement or any statute or ordinance shall be in writing, and shall be sent registered or certified mail. Notices to COUNTY shall be sent to the County Administrator with a copy to the originating COUNTY department at the address given in the opening paragraph of this Agreement. Notice to GRANTEE shall be sent to the address stated in the opening paragraph of this Agreement or to the address stated in GRANTEE's Form W-9 provided to COUNTY.

20. CONFLICT OF INTEREST

GRANTEE affirms that to the best of GRANTEE's knowledge, GRANTEE's involvement in this Agreement does not result in a conflict of interest with any party or entity which may be affected by the terms of this Agreement. Should any conflict or potential conflict of interest become known to GRANTEE, GRANTEE shall immediately notify COUNTY of the conflict or potential conflict, specifying the part of this Agreement giving rise to the conflict or potential conflict, and advise COUNTY whether GRANTEE will or will not resign from the other engagement or representation. Unless waived by COUNTY, a conflict or potential conflict may, in COUNTY's discretion, be cause for cancellation or termination of this Agreement.

21. MEDIA OUTREACH

GRANTEE shall not use the term "Hennepin County", or any derivative thereof in advertising, external facing communication and/or marketing, including but not limited to advertisements of any type or form, promotional ads/literature, client lists and/or any other form of outreach, without the written approval of the Hennepin County Public Affairs/Communications Department, or their designees.

22. MINNESOTA LAWS GOVERN

The laws of the state of Minnesota shall govern all questions and interpretations concerning the validity and construction of this Agreement and the legal relations between the parties and their performance. The appropriate venue and jurisdiction for any litigation will be those courts located within the County of Hennepin, state of Minnesota. Litigation, however, in the federal courts involving the parties will be in the appropriate federal court within the state of Minnesota.

COUNTY ADMINISTRATOR APPROVAL

Reviewed for COUNTY by
the County Attorney's Office:

COUNTY OF HENNEPIN
STATE OF MINNESOTA

By:

Reviewed for COUNTY by:

Document Assembled by:



Kristie Stubbs

E-signed 2019-04-09 11:34AM CDT

kristie.stubbs@hennepin.us

Hennepin County

Office Specialist



GRANTEE

GRANTEE warrants that the person who executed this Agreement is authorized to do so on behalf of GRANTEE as required by applicable articles, bylaws, resolutions or ordinances.*

By:

* GRANTEE represents and warrants that it has submitted to COUNTY all applicable documentation (articles, bylaws, resolutions or ordinances) that confirms the signatory's delegation of authority. Documentation is not required for a sole proprietorship.

**WATERCRAFT INSPECTION PROJECT
COOPERATIVE AGREEMENT**

BETWEEN

Three Rivers Park District

AND

Lake Minnetonka Conservation District

This Watercraft Inspection Project Cooperative Agreement ("Agreement") is entered into this ____ day of _____, 2019 by and between the Three Rivers Park District, a body corporate and politic and a political subdivision of the State of Minnesota ("Park District") and the Lake Minnetonka Conservation District, a corporate and political body and a political subdivision of the State of Minnesota ("LMCD"). The Park District and the LMCD may hereinafter be referred to individually as a "party" or collectively as the "parties." The Park District and the LMCD, acting through their respective governing bodies, hereby agree as follows:

1. PURPOSE

The Park District and the LMCD recognize that intergovernmental cooperation in the prevention of the spread of Aquatic Invasive Species (AIS) is important to protecting the ecological health of Lake Minnetonka and other lakes in the region. Further, it is recognized that restricting the spread of AIS is in the mutual interest of the citizens of the Lake Minnetonka area and the metropolitan area. The parties enter into this Agreement to facilitate the inspection of watercraft entering and exiting Lake Minnetonka at three public watercraft accesses on Lake Minnetonka to reduce the risk of AIS movement into or out of the lake.

2. SERVICE AGREEMENT

This is a service agreement and the Park District is providing the services identified herein as an independent contractor. Each party shall be responsible for maintaining their own insurances, including workers' compensation insurance, during the term of this Agreement and shall be responsible for their own employees and volunteers. The inspectors provided by the Park District shall not be considered employees or volunteers of the LMCD. Each party shall be responsible for complying with all federal, state, and local laws, rules, regulations, and ordinance applicable to their respective duties under this Agreement including, but not limited to, the Minnesota Government Data Practices Act and the audit requirements under Minn. Stat. § 16C.05, subd. 5.

3. DUTIES OF THE PARK DISTRICT

The Park District agrees to be responsible for each of the following:

- a. Providing MNDNR-trained Level 1 inspectors at three public watercraft accesses on Lake Minnetonka and operations in accordance to MNDNR requirements. These accesses are Carsons Bay, Halstead Bay, and Wayzata Bay.
- b. Conducting inspections of incoming and outgoing watercraft at these accesses on Fridays, Saturdays, Sundays, and holidays between Friday May 24th and Monday September 2th, 2019.
- c. Providing a total of up to 1,000 hours of coverage among all three accesses. The Park District expects to have inspectors rotate among the sites from 6 AM to 6 PM on weekends and holidays, and from 11 AM to 7 PM on weekdays or otherwise agreed upon with the LMCD.
- d. Provide inspection information data to LMCD that will meet MNDNR reporting criteria.

4. DUTIES OF THE LMCD

The LMCD agrees to be responsible for paying the Park District for the costs associated with providing watercraft inspectors for the locations, dates, and times established in this Agreement, with a total cost not to exceed \$20,000. The Park District's costs will be billed at a composite rate of \$\$20.00/hr. for Level 1 inspector time spent and recorded in fulfilling the commitments outlined in this Agreement. The composite rate includes all costs to provide Level 1 watercraft inspections at the three sites, including travel to/from the accesses for inspection and supervisory staff, time spent at the sites conducting inspections, training of site and supervisory staff as MDNR-authorized watercraft inspectors, supervision of inspectors, uniforms, communication equipment, and mileage for travel between inspection sites.

5. AMENDMENT

Any amendment to this Agreement must be in writing and approved by the LMCD and the Park District. The parties shall have full power to amend this Agreement to add or delete items from the scope of this Agreement upon such terms as are agreed to between the parties.

6. LIABILITY

The parties agree that each party will be responsible for the acts or omissions of its own officers, employees, agents, or representatives and the results thereof to the extent authorized by law, and they shall not be responsible for the acts or omissions of the other party's officers, employees, agents, or representatives or the results thereof. Nothing in this Agreement shall constitute a waiver of any immunity or limitation on liability available to either party under Minn. Stat., Chap. 466 or other law. The liability limitations and immunities established in

Minn. Stat., Chap. 466 shall apply to the undertakings pursuant to this Agreement, and no individual or entity may seek to increase recovery beyond the statutory amounts set forth in Minn. Stat., Chap. 466 by attempting to aggregate the statutory amounts applicable to the Park District or the LMCD.

7. TERM AND TERMINATION

This Agreement shall commence as of the date first written above and will terminate on October 31, 2019, at the conclusion of the boating season. Either party may terminate this Agreement for any reason by providing 30 days written notice to the other party. In the event of termination, the LMCD will, within 30 days, pay pro rata for that portion of the services completed in accordance with this Agreement.

Signatures on the next page

IN WITNESS WHEREOF, the parties have caused this Agreement executed and effective as of the date first written above.

LAKE MINNETONKA CONSERVATION DISTRICT

Dated: _____, _____

Gregg Thomas, Chairperson
Lake Minnetonka Conservation District

THREE RIVERS PARK DISTRICT

Dated: _____, _____

Boe Carlson, Superintendent and
Secretary to the Board



ITEM 11A

LAKE MINNETONKA CONSERVATION DISTRICT

5341 MAYWOOD ROAD, SUITE 200 • MOUND, MINNESOTA 55364 • TELEPHONE 952/745-0789 • FAX 952/745-9085

DATE: April 10, 2019
TO: LMCD Board of Directors
FROM: Vickie Schleuning, Executive Director
SUBJECT: 2018 Financial Audit Report

ACTION

Board review and acceptance of the 2018 Financial Audit Report, provided by Abdo, Eick & Meyers, LLP.

The following motions are offered depending on whether the Board wishes to accept or deny the report.

Acceptance:

I make a motion to accept the 2018 Financial Audit Report as presented <with the following comments added...>.

Denial:

I make a motion to reject the 2018 Financial Audit Report, due to...

BACKGROUND

Abdo, Eick, & Meyers, LLP has provided a report detailing the process and results of the LMCD's 2018 financial audit. Hard copies will be provided at the meeting.

CONSIDERATIONS

- Does the LMCD meet generally accepted accounting principles?
- Does the LMCD Board feel comfortable with the findings of the 2018 Audit?

ATTACHMENTS

- None

Annual Financial Report

Lake Minnetonka Conservation District

Mound, Minnesota

For the Year Ended
December 31, 2018

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Lake Minnetonka Conservation District
Mound, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2018

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INTRODUCTORY SECTION
LAKE MINNETONKA CONSERVATION DISTRICT
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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Lake Minnetonka Conservation District
Mound, Minnesota
Board of Directors and Appointed Officials
For the Year Ended December 31, 2018

BOARD OF DIRECTORS

<u>Name</u>	<u>Member City</u>	<u>Position on Board</u>
Jay Green	Mound	Chair
Gregg Thomas	Tonka Bay	Vice Chair
Dan Baasen	Wayzata	Director
Bill Cook	Greenwood	Treasurer
Ann Hoelscher	Victoria	Secretary
Gary Hughes	Spring Park	Director
Mark Kroll	Orono	Director
Chris Rich	Woodland	Director
Mike Molitor	Minnetrista	Director
Dennis Klohs	Minnetonka Beach	Director
Andrew Punch	Excelsior	Director
Deborah Zorn	Shorewood	Director
Sue Shuff	Minnetonka	Director
Jake Walesch	Deephaven	Director

APPOINTED OFFICIALS

<u>Name</u>	<u>Title</u>
Vickie Schleuning	Executive Director
Tammy Duncan	Administrative Assistant
Matthew Cook	Environmental Administrative Technician

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FINANCIAL SECTION
LAKE MINNETONKA CONSERVATION DISTRICT
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake Minnetonka Conservation District
Mound, Minnesota

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lake Minnetonka Conservation District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, of the District as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the General, Invasive Species Management, and Save the Lakes fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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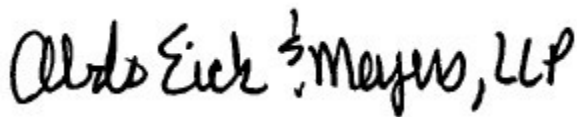
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15, and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, starting on page 48, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 25, 2019

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Management's Discussion and Analysis

As management of Lake Minnetonka Conservation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$547,986 (*net position*). Of this amount, \$425,204 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$76,891. This is mostly due to an increase in revenues related to court fines and license and permit fees along with a decrease in staff vacancies, operating supplies, recodification and legal fee expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$609,736, an increase of \$73,077 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$227,948, or 37.4 percent of total General fund expenditures. An additional portion of the fund balance for the General fund, \$3,075, is nonspendable for prepaid items. Further discussion of this fund is detailed on page 18 under "2018 General Fund Budgetary Highlights".
- At the end of the current fiscal year, committed fund balance for the Invasive Species Management fund was \$94,815, or 99% percent of total Invasive Species Management fund expenditures. Further discussion of this fund is detailed on page 19 under "2018 Invasive Species Management Budgetary Highlights".
- At the end of the current fiscal year, the fund balance for the Save the Lake fund was \$164,731. This is an increase of \$598 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., earned but unused vacation leave).

The government-wide financial statements can be found starting on page 22 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balance for the General fund, Save the Lake, Invasive Species Management and Equipment Replacement fund.

The District adopts an annual appropriated budget for its General fund, Invasive Species Management and Save the Lake fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with their budget. The fund financial statements can be found starting on page 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 33 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$547,986 at the close of the most recent fiscal year.

Lake Minnetonka Conservation District Summary of Net Position

	December 31,		Increase (Decrease)
	2018	2017	
Assets			
Current	\$ 720,787	\$ 625,202	\$ 95,585
Capital, net of accumulated depreciation	122,782	142,169	(19,387)
Total Assets	<u>843,569</u>	<u>767,371</u>	<u>76,198</u>
Deferred Outflows of Resources	<u>22,056</u>	<u>40,065</u>	<u>(18,009)</u>
Liabilities			
Current	118,244	91,600	26,644
Noncurrent	138,931	184,471	(45,540)
Total Liabilities	<u>257,175</u>	<u>276,071</u>	<u>(18,896)</u>
Deferred Inflows of Resources	<u>60,464</u>	<u>60,270</u>	<u>194</u>
Net Position			
Investment in capital assets	122,782	142,169	(19,387)
Unrestricted	<u>425,204</u>	<u>328,926</u>	<u>96,278</u>
Total Net Position	<u>\$ 547,986</u>	<u>\$ 471,095</u>	<u>\$ 76,891</u>

A portion of the District's net position (22.4 percent) reflects its net investment in capital assets (e.g., machinery and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The remaining balance of unrestricted net position (\$425,204) may be used to meet the District's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities increased the District's net position by \$76,891. Key elements of this increase are as follows:

Lake Minnetonka Conservation Districts Changes in Net Position

	December 31,		Increase (Decrease)
	2018	2017	
Revenues			
Program			
Charges for services	\$ 115,590	\$ 120,704	\$ (5,114)
Operating grants and contributions	463,524	442,954	20,570
General			
Unrestricted investment earnings	3,706	1,393	2,313
Miscellaneous	986	65	921
Total Revenues	<u>583,806</u>	<u>565,116</u>	<u>18,690</u>
Expenses			
Conservation of natural resources	352,499	381,030	(28,531)
Save the lake	36,187	37,185	(998)
Aquatic invasive species	118,229	133,757	(15,528)
Total Expenses	<u>506,915</u>	<u>551,972</u>	<u>(45,057)</u>
Change in Net Position	76,891	13,144	63,747
Net Position, January 1	<u>471,095</u>	<u>457,951</u>	<u>13,144</u>
Net Position, December 31,	<u>\$ 547,986</u>	<u>\$ 471,095</u>	<u>\$ 76,891</u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$609,736, an increase of \$73,077 in comparison with the prior year.

2018 General Fund Budgetary Highlights

- Overall revenue was over budget by \$30,147. This excess is mainly due to more license and permit fee revenue, which was \$10,606 over what was budgeted and court fines which was \$1,395 over budget.
- Overall expenditures incurred were under the budgeted amount by \$55,755. This deficiency is mainly related to legal fees being under budget by \$32,514 along with the general category of other charges being under budget by \$19,067.

2018 Save the Lake Fund Budgetary Highlight

- Overall revenue was over budget by \$3,685. This was due to more than anticipated contributions and donations.
- Overall expenditures incurred were more than budget by \$27,487. This was due to the public services category being over budget by \$28,975 for dedicated water patrol services for prevention and emergency response during the busiest times on the lake.

2018 Invasive Species Management Fund Budgetary Highlight

- Overall revenue was over budget by \$25,099. The main contributing factor were more public agency revenues than anticipated due to a grant received for an AIS prevention watercraft inspection program.
- Overall expenditures incurred were more than the budgeted amount by \$14,866 primarily due to operating supplies being over budget by \$16,148 and a \$10,000 cost for the watercraft inspection program paid through the pass-thru grant.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$122,782 (net of accumulated depreciation).

Economic Factors and Next Year's Budgets

- The General fund budget for 2019 is planning for an 3.02 percent increase (\$447,000 compared to \$433,900 in 2018).
- The AIS Management budget for 2019 is planning for a .42 percent decrease (\$80,200 compared to \$80,544 in 2018) primarily due to continued elimination of the watercraft inspection program pending future funding opportunities and other AIS prevention grants.
- The overall levy to the District member cities for 2019 will be increased by 5.06 percent (\$360,000 compared to \$342,660 in 2018).

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Vickie Schleuning, Lake Minnetonka Conservation District, 5341 Maywood Road, Suite 200, Mound, Minnesota, 55364.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS
LAKE MINNETONKA CONSERVATION DISTRICT
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

Lake Minnetonka Conservation District

Mound, Minnesota
Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Cash and temporary investments	\$ 705,346
Due from other governments	12,366
Prepaid items	3,075
Capital assets (net of accumulated depreciation)	
Machinery and equipment	122,782
Total Assets	<u>843,569</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>22,056</u>
Liabilities	
Accounts payable	43,256
Salaries and wages payable	2,090
Unearned revenue	65,705
Noncurrent liabilities	
Due within one year	7,193
Due in more than one year	138,931
Total Liabilities	<u>257,175</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>60,464</u>
Net Position	
Investment in capital assets	122,782
Unrestricted	<u>425,204</u>
Total Net Position	<u><u>\$ 547,986</u></u>

The notes to the financial statements are an integral part of this statement.

Lake Minnetonka Conservation District
Mound, Minnesota
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Conservation of natural resources	\$ 352,499	\$ 115,590	\$ 323,283	\$ 86,374
Save the lake	36,187	-	35,877	(310)
Aquatic invasive species	118,229	-	104,364	(13,865)
Total	<u>\$ 506,915</u>	<u>\$ 115,590</u>	<u>\$ 463,524</u>	<u>72,199</u>
General Revenues				
Unrestricted investment earnings				3,706
Miscellaneous revenue				<u>986</u>
Total General Revenues				<u>4,692</u>
Change in Net Position				76,891
Net Position, January 1				<u>471,095</u>
Net Position, December 31				<u>\$ 547,986</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS
LAKE MINNETONKA CONSERVATION DISTRICT
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

Lake Minnetonka Conservation District

Mound, Minnesota

Balance Sheet

Governmental Funds

December 31, 2018

		Special Revenue		Capital Project	
	General	Save the Lake	Invasive Species Management	Equipment Replacement	Total
Assets					
Cash and temporary investments	\$ 300,605	\$ 189,785	\$ 95,789	\$ 119,167	\$ 705,346
Due from other governments	1,824	-	10,542	-	12,366
Prepaid items	3,075	-	-	-	3,075
Total Assets	\$ 305,504	\$ 189,785	\$ 106,331	\$ 119,167	\$ 720,787
Liabilities					
Accounts payable	\$ 8,202	\$ 25,054	\$ 10,000	\$ -	\$ 43,256
Salaries and wages payable	574	-	1,516	-	2,090
Unearned revenue	65,705	-	-	-	65,705
Total Liabilities	74,481	25,054	11,516	-	111,051
Fund Balances					
Nonspendable					
Prepays items	3,075	-	-	-	3,075
Committed					
Purchases from donated funds	-	164,731	-	-	164,731
Invasive species management	-	-	94,815	-	94,815
Assigned					
Equipment replacement	-	-	-	119,167	119,167
Unassigned	227,948	-	-	-	227,948
Total Fund Balances	231,023	164,731	94,815	119,167	609,736
Total Liabilities and Fund Balances	\$ 305,504	\$ 189,785	\$ 106,331	\$ 119,167	\$ 720,787

The notes to the financial statements are an integral part of this statement.

Lake Minnetonka Conservation District
Mound, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2018

Amounts reported for governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 609,736
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund.	
Cost of capital assets	489,214
Less: accumulated depreciation	(366,432)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(12,982)
Pension Liability	(133,142)
Governmental funds do not report long-term amounts related to pensions	
Deferred outflows of pension resources	22,056
Deferred inflows of pension resources	<u>(60,464)</u>
Total Net Position - Governmental Activities	<u><u>\$ 547,986</u></u>

The notes to the financial statements are an integral part of this statement.

Lake Minnetonka Conservation District
Mound, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

		Revenues Provided by Donations	Revenues Provided by Dues		
		Special Revenue		Capital Project	
	General	Save the Lake	Invasive Species Management	Equipment Replacement	Total
Revenues					
Intergovernmental					
Membership dues	\$ 271,269	\$ -	\$ 75,534	\$ -	\$ 346,803
Public agencies	-	-	28,830	-	28,830
License and permits	115,590	-	-	-	115,590
Fine and forfeitures	42,967	-	-	-	42,967
Contributions and donations	-	35,877	-	-	35,877
Interest on investments	1,368	908	685	745	3,706
Miscellaneous	9,047	-	-	-	9,047
Total Revenues	<u>440,241</u>	<u>36,785</u>	<u>105,049</u>	<u>745</u>	<u>582,820</u>
Expenditures					
Current					
Personal services	225,967	32	30,267	-	256,266
Operating supplies	14,635	1,530	33,544	-	49,709
Public services	-	34,625	-	-	34,625
Repair and maintenance	7,235	-	1,004	-	8,239
Contract fees	-	-	8,783	-	8,783
Legal fees	67,833	-	-	-	67,833
Truck service	-	-	16,898	-	16,898
Other services	10,010	-	-	-	10,010
Other charges	47,512	-	4,914	-	52,426
Capital outlay	4,954	-	-	-	4,954
Total Expenditures	<u>378,146</u>	<u>36,187</u>	<u>95,410</u>	<u>-</u>	<u>509,743</u>
Net Change in Fund Balances	62,095	598	9,639	745	73,077
Fund Balances, January 1	<u>168,928</u>	<u>164,133</u>	<u>85,176</u>	<u>118,422</u>	<u>536,659</u>
Fund Balances, December 31	<u>\$ 231,023</u>	<u>\$ 164,731</u>	<u>\$ 94,815</u>	<u>\$ 119,167</u>	<u>\$ 609,736</u>

The notes to the financial statements are an integral part of this statement.

Lake Minnetonka Conservation District
Mound, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 73,077
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	6,067
Depreciation expense	(25,454)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(4,204)
Long-term pension activity is not reported in governmental funds	
Negative pension revenue	986
Negative pension expense	26,419
Change in Net Position - Governmental Activities	<u>\$ 76,891</u>

The notes to the financial statements are an integral part of this statement.

Lake Minnetonka Conservation District
Mound, Minnesota
Statement of Revenue, Expenditures and Changes in Fund Balances
Budget and Actual
General, Invasive Species Management and Save the Lake Funds
For the Year Ended December 31, 2018

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental				
Membership dues	\$ 268,110	\$ 268,110	\$ 271,269	\$ 3,159
Public agencies	-	-	-	-
Licenses and permits	104,984	104,984	115,590	10,606
Fines and forfeits	35,000	35,000	42,967	7,967
Contributions and donations	-	-	-	-
Interest on investments	500	500	1,368	868
Miscellaneous	1,500	1,500	9,047	7,547
Total Revenues	<u>410,094</u>	<u>410,094</u>	<u>440,241</u>	<u>30,147</u>
Expenditures				
Current				
Personal services	231,800	231,800	225,967	5,833
Operating supplies	19,200	19,200	14,635	4,565
Public services	-	-	-	-
Repair and maintenance	1,000	1,000	7,235	(6,235)
Contract fees	-	-	-	-
Legal fees	100,350	100,350	67,833	32,517
Truck service	-	-	-	-
Other services	23,010	23,010	10,010	13,000
Other charges	54,541	54,541	47,512	7,029
Capital outlay	4,000	4,000	4,954	(954)
Total Expenditures	<u>433,901</u>	<u>433,901</u>	<u>378,146</u>	<u>55,755</u>
Net Change in Fund Balances	(23,807)	(23,807)	62,095	85,902
Fund Balances, January 1	<u>168,928</u>	<u>168,928</u>	<u>168,928</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 145,121</u>	<u>\$ 145,121</u>	<u>\$ 231,023</u>	<u>\$ 85,902</u>

The notes to the financial statements are an integral part of this statement.

Invasive Species Management				Save the Lake			
Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final			Original	Final		
\$ 74,550	\$ 74,550	\$ 75,534	\$ 984	\$ -	\$ -	\$ -	\$ -
15,000	5,000	28,830	23,830	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	32,500	32,500	35,877	3,377
400	400	685	285	600	600	908	308
-	-	-	-	-	-	-	-
89,950	79,950	105,049	25,099	33,100	33,100	36,785	3,685
34,100	34,100	30,267	3,833	-	-	32	(32)
17,396	17,396	33,544	(16,148)	3,050	3,050	1,530	1,520
-	-	-	-	5,650	5,650	34,625	(28,975)
-	-	1,004	(1,004)	-	-	-	-
12,048	12,048	8,783	3,265	-	-	-	-
-	-	-	-	-	-	-	-
17,000	17,000	16,898	102	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,914	(4,914)	-	-	-	-
-	-	-	-	-	-	-	-
80,544	80,544	95,410	(14,866)	8,700	8,700	36,187	(27,487)
9,406	(594)	9,639	10,233	24,400	24,400	598	(23,802)
85,176	85,176	85,176	-	164,133	164,133	164,133	-
<u>\$ 94,582</u>	<u>\$ 84,582</u>	<u>\$ 94,815</u>	<u>\$ 10,233</u>	<u>\$ 188,533</u>	<u>\$ 188,533</u>	<u>\$ 164,731</u>	<u>\$ (23,802)</u>

The notes to the financial statements are an integral part of this statement.

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Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Lake Minnetonka Conservation District (the District) was established under laws 1967, chapter 907 and laws 1969, chapter 272 of the Minnesota statutes and consists of a 14 member Board of Directors (the Board) composed of representatives from each member. The purpose of the District is to regulate and monitor the use of Lake Minnetonka. The Board exercises legislative authority and determines all matters of policy. The Board appoints personnel responsible for the proper administration of all affairs relating to the District's activities. The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the GASB criteria.

B. Basis of Presentation - Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fines, dues, licenses and interest become measurable and available when cash is received by the District and are recognized as revenue at that time.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

The *General fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Save the Lake fund* accounts for lake improvement projects on Lake Minnetonka. The fund is funded only through donations and interest income.

The *Invasive Species Management fund* accounts for revenue sources that are used to fund expenditures for milfoil control and aquatic invasive species prevention on Lake Minnetonka. The fund is funded only through dues and interest income. The fund has received public agency grants and contributions in prior years.

The *Equipment Replacement fund* accounts for revenue sources that are used to fund expenditures related to future equipment purchases.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlement and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The District may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives in Years</u>
Machinery and Equipment	5 - 15

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation, which will be paid to the employee upon separation without the considerations of number of years of service.

The District also has a policy that allows an employee to accumulate sick leave after three years of service at 25 percent up to 720 hours. Vacation time has a maximum accumulation of 160 hours. These are both payable upon termination.

A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. The unavailable amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board, which is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority. The Board has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Executive Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds. The District considers restricted amounts to be spent first when both restricted and unassigned fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of fund balance when expenditures are made.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District has formally adopted a fund balance policy for the General fund. The District's policy is to maintain a minimum unassigned fund balance of 30 - 50 percent of budgeted expenditures for cash-flow timing needs.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components

- a. Investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "investment in capital assets."

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the General fund, Invasive Species Management and the Save the Lake fund. All annual appropriations lapse at year end. The District does not use encumbrance accounting.

The Board must, on or before July 1 each year, prepare and submit a detailed budget of the District's needs for the next calendar year to the governing body of each city in the District with a statement of the proportion of the budget to be provided by each city. The governing body of each city in the District shall review the budget and the Board, upon notice from a city, must hear objections to the budget. After the hearing, the Board may modify or amend the budget. Notice must be given to the city of modifications or amendments. The legal level of budgetary control is the fund level. There were budget amendments made during the year. All budget amendments were approved by the Board.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Deficiency of Expenditures Under Appropriations
Invasive Species Management	\$ 80,544	\$ 95,410	\$ 14,866
Save the Lake	8,700	36,187	27,487
Total	<u>\$ 89,244</u>	<u>\$ 131,597</u>	<u>\$ 42,353</u>

These over-expenditures were funded by revenue in excess of budget.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on Accounts

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the District's deposits and investments may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board, the District maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all District deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the District.

At year end, the District's carrying amount of deposits was \$705,046 and the bank balance was \$704,031. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the District's name.

Investments

A reconciliation of cash and temporary investments as shown on the Statement of Net Position for the District follows:

	<u>Total</u>
Carrying Amount of Deposits	\$ 705,046
Cash on Hand	<u>300</u>
Total Cash and Temporary Investments	<u><u>\$ 705,346</u></u>

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on Accounts (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, being Depreciated Machinery and equipment	\$ 483,147	\$ 6,067	\$ -	\$ 489,214
Less Accumulated Depreciation for Machinery and equipment	<u>(340,978)</u>	<u>(25,454)</u>	<u>-</u>	<u>(366,432)</u>
		-		
Capital Assets, Net	<u>\$ 142,169</u>	<u>\$ (19,387)</u>	<u>\$ -</u>	<u>\$ 122,782</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
Conservation of natural resources	\$ 2,635
Aquatic invasive species	<u>22,819</u>
Total	<u>\$ 25,454</u>

C. Leases

On June 23, 2018, the District entered into a five-year office lease agreement. Terms of the lease agreement require the District to make initial monthly base rental payments of \$1,570.45 through September 2019, increasing by 2.5 percent annually thereafter. The agreement can be renewed for an additional five years in 2023. Lease expense for 2018 was \$18,501. Future obligations of base rent are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 18,963
2020	19,437
2021	19,923
2022	<u>20,421</u>
Total	<u>\$ 59,781</u>

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on Accounts (Continued)

D. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Net Pension Liability	\$ 178,750	\$ -	\$ (45,608)	\$ 133,142	\$ -
Compensated Absences Payable	8,778	11,396	(7,192)	12,982	7,193
	<u>\$ 187,528</u>	<u>\$ 11,396</u>	<u>\$ (52,800)</u>	<u>\$ 146,124</u>	<u>\$ 7,193</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the District are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated-Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary and the District was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2018. The District's contributions to the GERF for the years ending December 31, 2018, 2017 and 2016 were \$13,036, \$11,838 and \$13,036 respectively. The District's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

D. Pension Costs

GERF Pension Costs

At December 31, 2018, the District reported a liability of \$133,142 for its proportionate share of the GERF's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$4,229. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the District's proportion was 0.0024 percent, which was a (0.0004) percent decrease from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the District recognized negative pension expense of a \$27,021 for its proportionate share of GERF's pension expense. In addition, the District recognized an additional \$986 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2018, the District reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 3,524	\$ 793
Changes in Actuarial Assumptions	12,013	14,960
Net Difference between Projected and Actual Earnings on Plan Investments	-	15,705
Changes in Proportion	-	29,006
Contributions to GERF Subsequent to the Measurement Date	6,519	-
Total	<u>\$ 22,056</u>	<u>\$ 60,464</u>

Deferred outflows of resources totaling \$6,519 related to pensions resulting from the District's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2019	\$ (9,299)
2020	(13,812)
2021	(19,042)
2022	(2,774)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for GERF.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the GERF plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The following changes in actuarial assumptions occurred in 2018:

GERF

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	36.00 %	5.10 %
International Stocks	17.00	5.30
Bonds	20.00	0.75
Alternative Assets	25.00	5.90
Cash	<u>2.00</u>	-
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Lake Minnetonka Conservation District
Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	District Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERF	\$ 216,373	\$ 133,142	\$ 64,437

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 5: Other Information

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries insurance. The District obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The District pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the District's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The District's management is not aware of any incurred but not reported claims.

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REQUIRED SUPPLEMENTARY INFORMATION
LAKE MINNETONKA CONSERVATION DISTRICT
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

Lake Minnetonka Conservation District
Mound, Minnesota
Required Supplementary Information
December 31, 2018

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement Fund

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/18	0.0024 %	\$ 133,142	\$ 4,229	\$ 137,371	\$ 158,391	86.7 %	79.5 %
06/30/17	0.0028 %	178,750	2,242	180,992	172,712	103.5	75.9
06/30/16	0.0028	227,346	2,931	230,277	180,868	125.7	68.9
06/30/15	0.0035	181,388	-	181,388	204,585	88.7	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Retirement Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/18	\$ 13,036	\$ 13,036	\$ -	\$ 173,817	7.5 %
12/31/17	11,838	11,838	-	157,844	7.5
12/31/16	13,036	13,036	-	173,813	7.5
12/31/15	14,733	14,733	-	196,440	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Lake Minnetonka Conservation District
Mound, Minnesota
Required Supplementary Information (Continued)
December 31, 2018

Notes to the Required Supplementary Information - General Employees Retirement Fund

Changes in Actuarial Assumptions

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

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OTHER REQUIRED REPORT
LAKE MINNETONKA CONSERVATION DISTRICT
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Lake Minnetonka Conservation District
Mound, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund of the Lake Minnetonka Conservation District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2019.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: public indebtedness, contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financings because the District has not established a tax increment financing district or compliance with debt as the District does not have any outstanding debt at the end of the year.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

This report is intended solely for the information and use those charged with governance and management of the District and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 25, 2019

Management Communication

Lake Minnetonka
Conservation District
Mound, Minnesota

For the Year Ended
December 31, 2018



People
+ Process®
Going
Beyond the
Numbers

Board of Directors
Lake Minnetonka Conservation District
Mound, Minnesota

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lake Minnetonka Conservation District (the District), for the year ended December 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards and the Uniform Guidance

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting (internal control) of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below as item 2018-001 that we consider to be a significant deficiency.

<i>Condition:</i>	We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint, we both prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the District's financial operations. Regarding the specific situations listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your QuickBooks receipt and disbursement information to the amounts reported in the financial statements plus any applicable accruals.
<i>Management Response:</i>	For now, the District's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported in accordance with the Uniform Guidance, *Government Auditing Standards* or Minnesota statutes.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates made relate to estimated historical cost of the capital assets, depreciation on capital assets and the liability for the District's pensions.

- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.
- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

We also assisted in preparing a number of year end accounting entries. These were necessary to adjust the District's records at year end to correct ending balances. The District should continue to establish more detailed process and procedures to reduce the total number of entries in each category. The District will receive better and timelier information if the preparation of year end entries is completed internally.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management’s Discussion and Analysis, the Schedules of Employer’s Shares of the Net Pension Liability and the Schedules of Employer’s Contributions), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory or statistical sections which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future District financial statements: ⁽¹⁾

GASB Statement No. 83 - *Certain Asset Retirement Obligations*

Summary

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

Future Accounting Standard Changes (Continued)

Effective Date

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

GASB Statement No. 84 - *Fiduciary Activities*

Summary

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship.

Future Accounting Standard Changes (Continued)

GASB Statement No. 87 - Leases

Summary

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

How the Changes in This Statement Will Improve Accounting and Financial Reporting

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

GASB Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

Summary

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Future Accounting Standard Changes (Continued)

How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*

Summary

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

GASB Statement No. 90 - *Majority Equity Interests*

Summary

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

Future Accounting Standard Changes (Continued)

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

⁽¹⁾ *Note.* From GASB Pronouncements Summaries. Copyright 2018 by the Financial Accounting Foundation, 401 Merritt 7, Norwalk, CT 06856, USA, and is reproduced with permission.

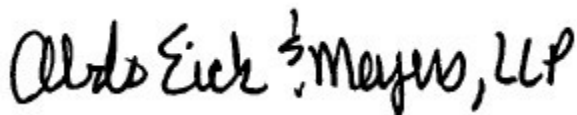
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Restriction on Use

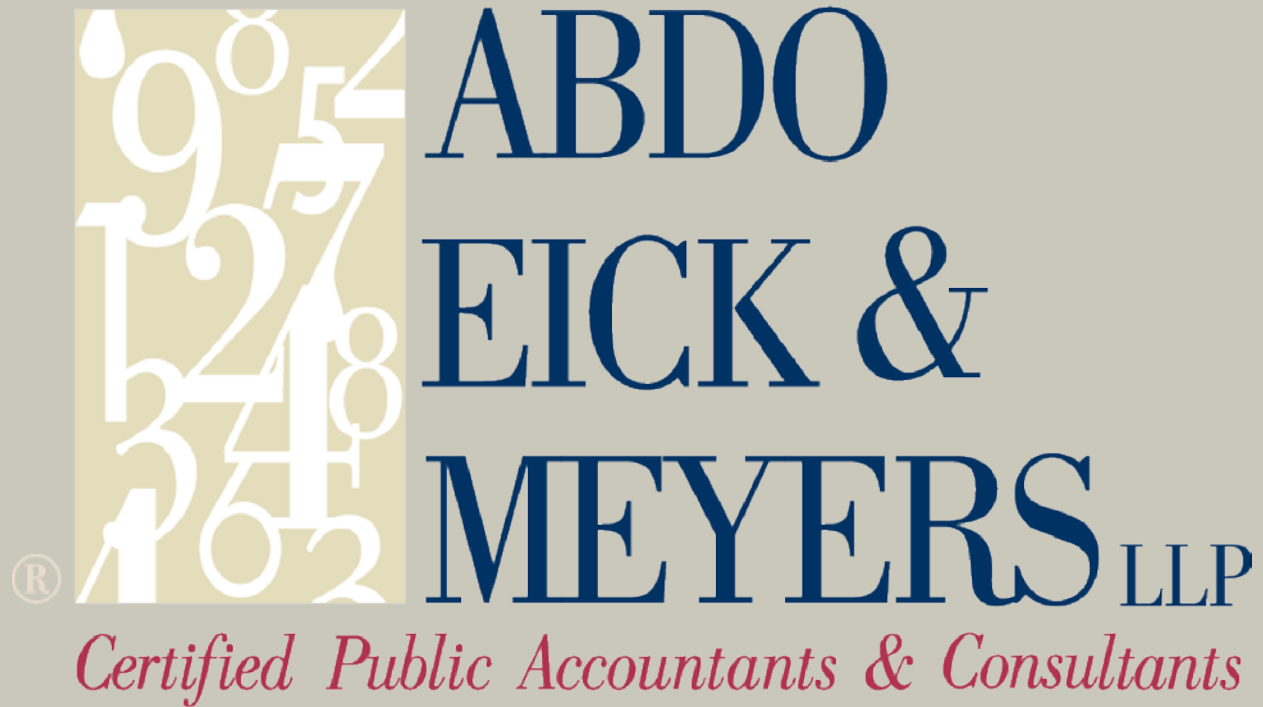
This purpose of this communication is solely for the information and use of the Board of Directors, management and the Minnesota Office of the State Auditor, and is not intended to be, and should not be used by anyone other than those specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 25, 2019



Lake Minnetonka
Conservation District
2018 Financial
Statement Audit

Introduction



Audit Opinion and
Responsibility

General Fund Results

Other Governmental Funds

Audit Results



Auditor's Opinion



Minnesota Legal Compliance



Audit Results

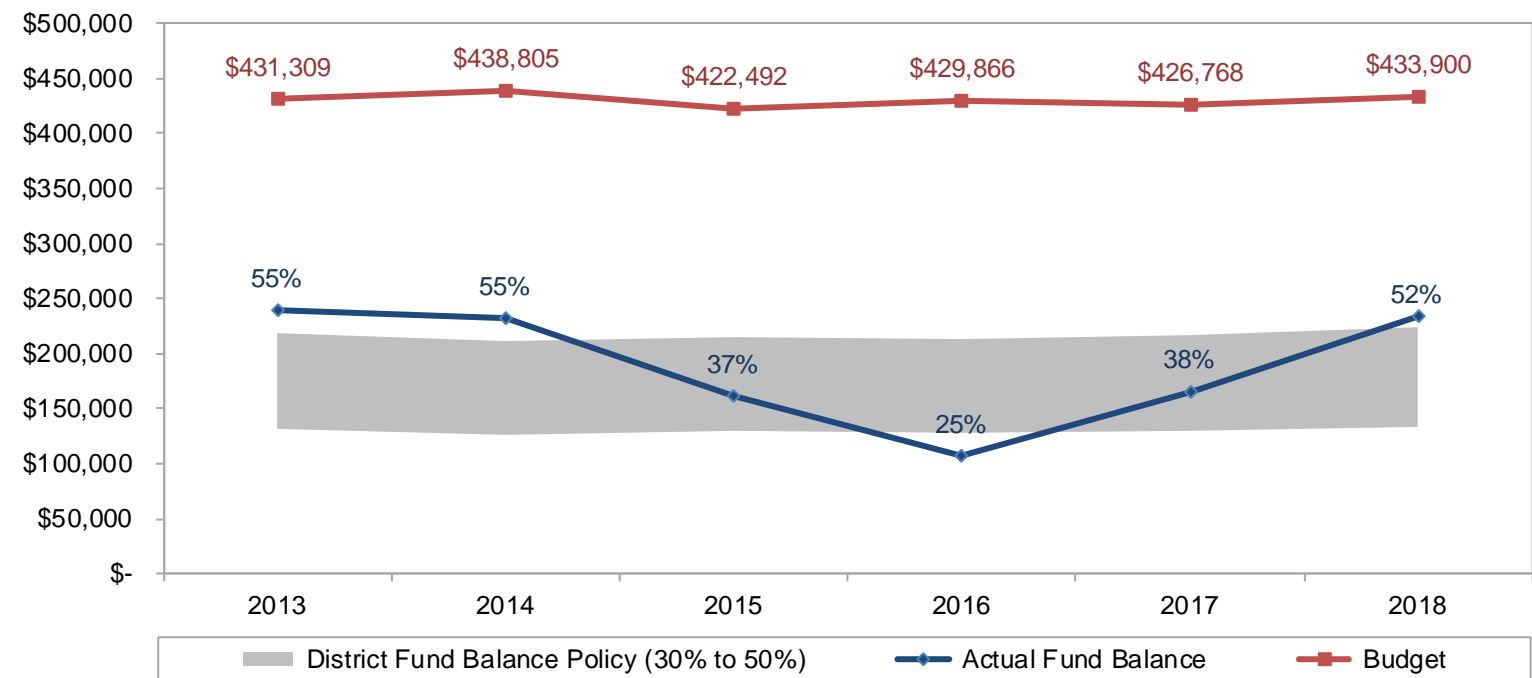
2018 Audit Findings



Preparation of Financial Statements

- Internal Control Finding

General Fund – Fund Balances



General Fund Budget to Actual

Revenues
Expenditures

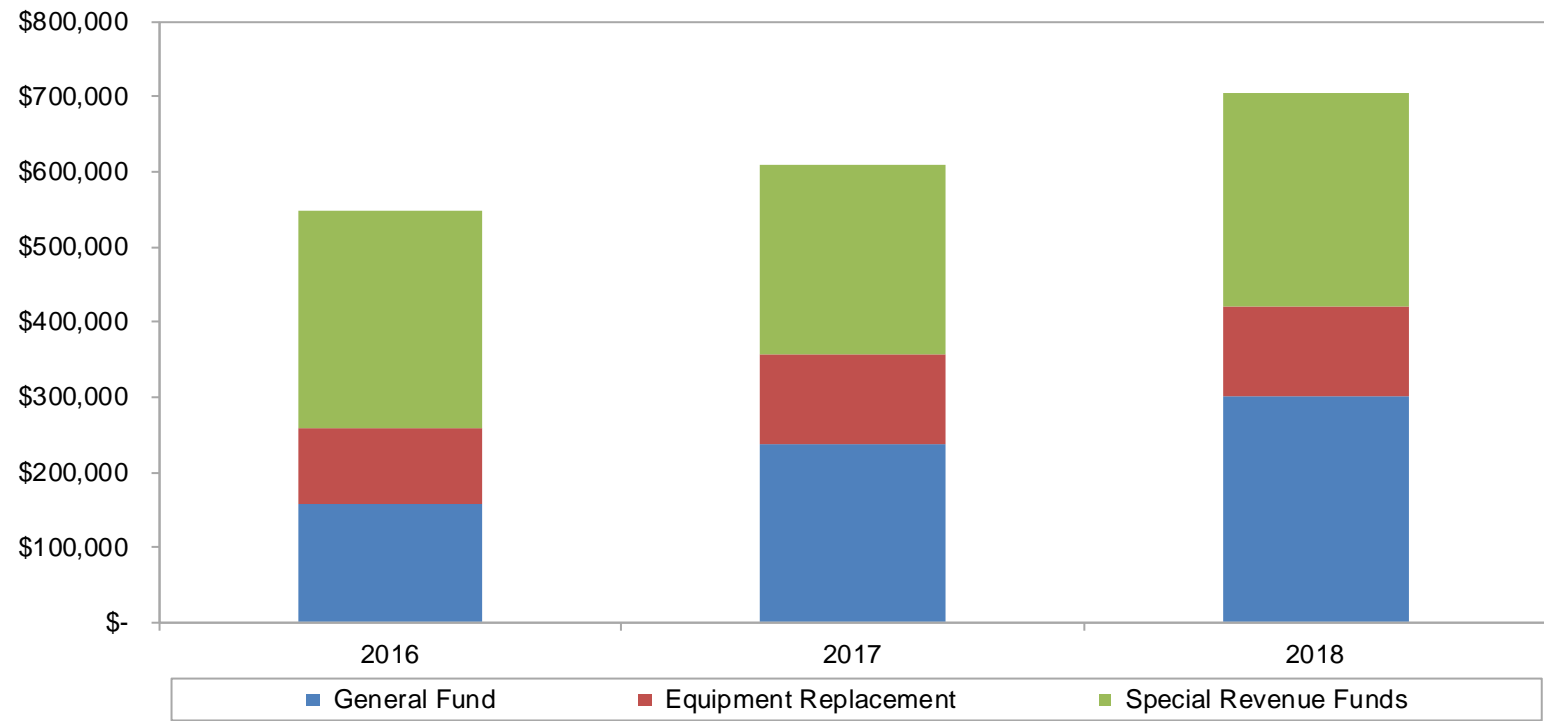
Net Change in Fund Balance

Fund Balances, January 1

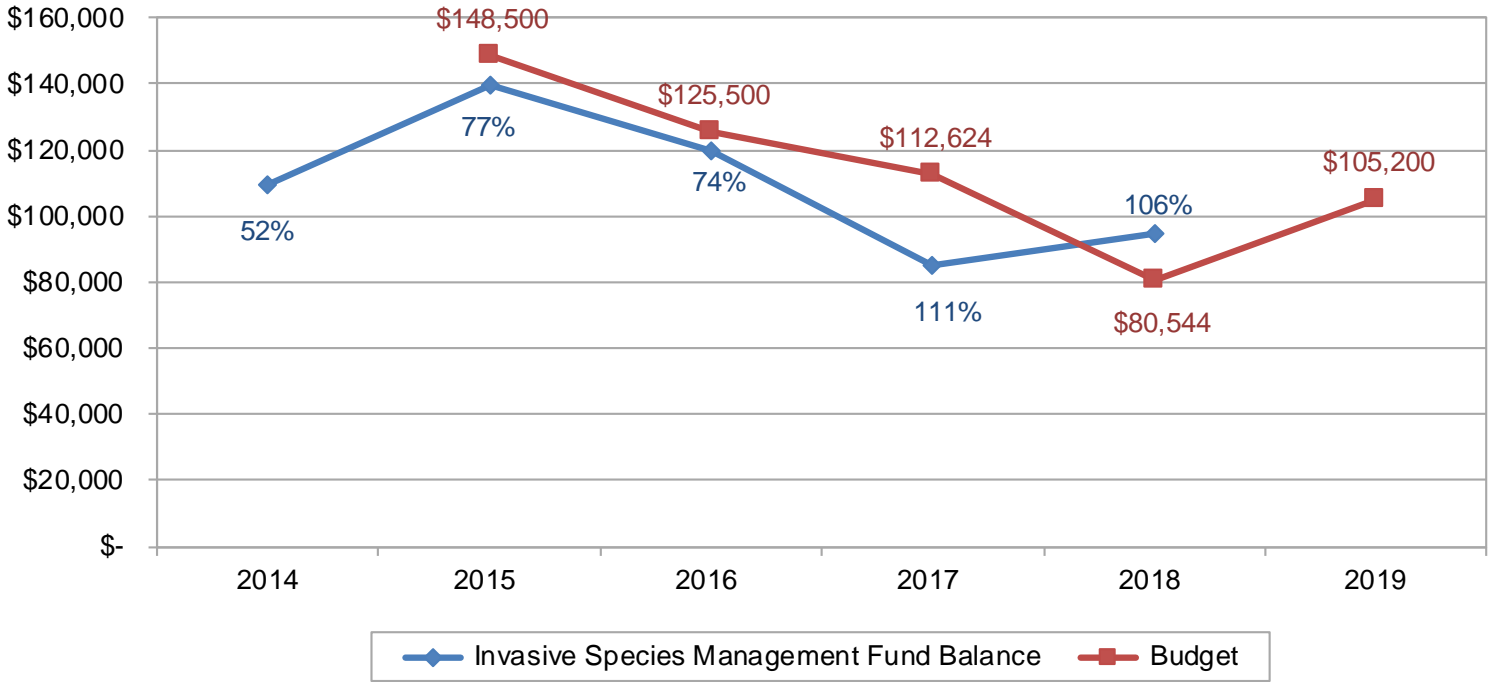
Fund Balances, December 31

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
\$ 410,094	\$ 440,241	\$ 30,147
433,901	378,146	55,755
(23,807)	62,095	85,902
168,928	168,928	-
<u>\$ 145,121</u>	<u>\$ 231,023</u>	<u>\$ 85,902</u>

District Cash Balances by Fund Type



Invasive Species Fund Balances



Invasive Species Budget to Actual

Revenues
Expenditures

Net Change in Fund Balances

Fund Balances, January 1

Fund Balances, December 31

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
\$ 79,950	\$ 105,049	\$ 25,099
80,544	95,410	(14,866)
(594)	9,639	10,233
85,176	85,176	-
<u>\$ 84,582</u>	<u>\$ 94,815</u>	<u>\$ 10,233</u>

Save the Lake Budget to Actual

Revenues
Expenditures

Net Change in Fund Balances

Fund Balances, January 1

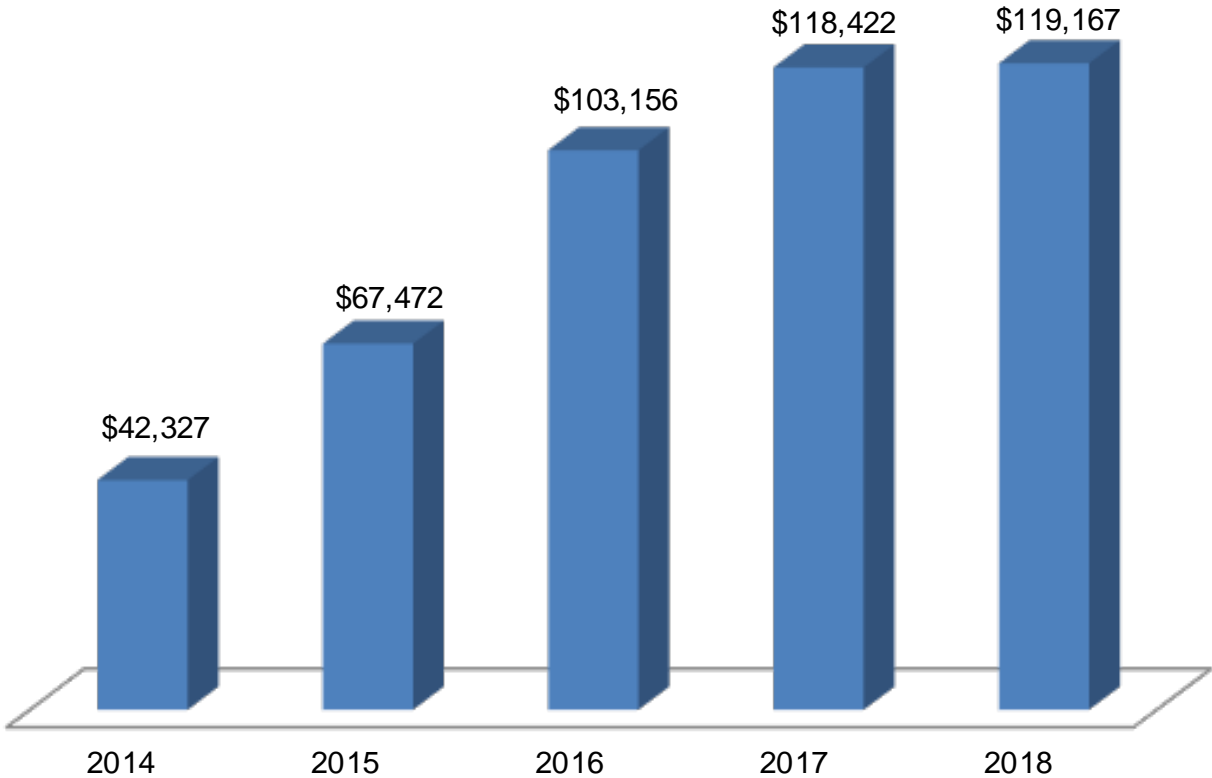
Fund Balances, December 31

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
\$ 33,100	\$ 36,785	\$ 3,685
8,700	36,187	(27,487)
24,400	598	(23,802)
164,133	164,133	-
<u>\$ 188,533</u>	<u>\$ 164,731</u>	<u>\$ (23,802)</u>

Equipment Replacement Fund Balance



Fund Balance - Equipment Replacement



Audit Team
Steve McDonald
Kendra Perpich
Tyler See
Tomi McDonald



Questions?



ITEM 12A

LAKE MINNETONKA CONSERVATION DISTRICT

5341 MAYWOOD ROAD, SUITE 200 • MOUND, MINNESOTA 55364 • TELEPHONE 952/745-0789 • FAX 952/745-9085

DATE: April 10, 2019

TO: LMCD Board of Directors

FROM: Vickie Schleuning, Executive Director

SUBJECT: Hennepin County Sheriff's Office Water Patrol Funding Request

ACTION

Board consideration of a request from Hennepin County Sheriff's Office (HCSO) for \$42,000 in funding to support dedicated Water Patrol Services for Lake Minnetonka. The following motions are offered depending on whether the Board wishes to approve or deny the request.

Approval:

- I make a motion to approve the Hennepin County Sheriff's Office funding request in the amount of \$____ from LMCD Save the Lake funds to provide dedicated patrol services to Lake Minnetonka during peak boating times and direct staff to prepare an agreement for these law enforcement and boater safety services for approval at an upcoming meeting.

Denial:

- I make a motion to deny the Hennepin County Sheriff's Office funding request for dedicated patrol services to Lake Minnetonka during peak boating times.

BACKGROUND

Save the Lake (STL) funds have been used to supplement water patrol services for Lake Minnetonka and ensure dedicated personnel are available during peak boating times. The Board has recognized the need to provide a dedicated level of emergency and public safety services for the highly-used Lake. This is similar to concepts used by cities, businesses, and associations to provide or supplement public safety services for routine, special events, emergency services, etc.

The amounts of STL funds allocated to the HCSO by the LMCD for similar requests in past years are as follows:

- 2018 – \$25,000
- 2017 – \$30,000
- 2016 – \$29,000
- 2015 – \$33,264

If the Board chooses to provide funding, an agreement will be executed with the HCSO. More details are provided in the attached funding request.

The Save the Lake Committee will next meet on April 9, 2019. This item will be brought forward to the Committee. Any recommendation made by the Committee will be made to the Board at the April 10, 2019 Board meeting.

CONSIDERATIONS

- Are funds available from Save the Lake contributions or other LMCD funds?
- Does the funding of this position align with the LMCD mission and goals?
- Has the funding achieved results that provide a safer and enhanced Lake Minnetonka experience?
- Is this an appropriate and desirable use of 1) general or 2) contribution funds?

ATTACHMENT

- HCSO Funding Request
- Draft Professional Services Agreement

Save the Lake Request for Funds

Applicant: Hennepin County Sheriff's Office

Contact:

Major Robert Staupe
350 S. 5th Street, Room 6
Minneapolis, MN 55415

Phone: 612.543-1217

Fax: 612.348.4208

Email: robert.staupe@hennepin.us

Executive Summary:

The Hennepin County Sheriff's Office requests \$42,000 to support dedicated Water Patrol on Lake Minnetonka during peak boating periods. HCSO has been requested by the Lake Minnetonka Conservation District (LMCD) to develop a program to provide additional boating safety patrol hours on Lake Minnetonka. The program is designed to add hours: 1) to focus patrol of Lake Minnetonka; 2) during times when use is highest; and 3) during nighttime hours when accidents may occur. The grant period will start in mid-May and end on Labor Day.

Over the past five years (2014-2018), Lake Minnetonka received 7,172 average hours of Patrol coverage each year. This number includes the one additional, dedicated Water Patrol Deputy funded by the LMCD grant. This deputy will add approximately an additional 600 dedicated hours of patrol to Lake Minnetonka (May 23rd to Labor Day) during the course of the program.

Project Description, Goals, Objectives, and Activities:

The Hennepin County Sheriff's Office is a full service Sheriff's Office with county-wide jurisdiction and statutory mandates. The Sheriff's Office has nearly 300 deputies in eight lines of business, and 25 special deputy volunteers that help to provide statutorily required water safety and rescue on 104 lakes and 3 rivers across Hennepin County.

Project timeline:

This funding request would allow for a specific commitment of personnel to Lake Minnetonka during peak boating times of 1 p.m. - 11 p.m. (Thursday, Fridays, weekends and holidays) from Memorial Day weekend through Labor Day. Specific breakdown is below:

- March/April 2019, continued partnership funding request through the LMCD
- April 2019, grant funding announced
- April 30, 2019, staffing plan for Lake Minnetonka coverage for summer boating season finalized
- May 2019, report made to LMCD on staffing plan for summer boating season
- May 23, 2019, dedicated staffing begins
- July 12 2019, report made to LMCD on previous month staffing
- August 9, 2019, report made to LMCD on previous month staffing
- September 2, 2019, Labor Day, last day of dedicated staffing funded by grant
- September 13, 2019, report made to LMCD on previous month staffing
- October 18, 2019, grant close out report made to LMCD

Project Evaluation - Explain how the effectiveness and the success of the project will be measured:

The primary goals and objectives for the project will be an increased presence of the Hennepin County Sheriff's Office Water Patrol unit on Lake Minnetonka during peak boating hours. This will be measured by Hennepin County Sheriff's Office providing regular written reports to the LMCD outlining the personnel assigned to the lake, and dates & times of service. The goal is to increase the amount of hours the Sheriffs' Office devotes to Lake Minnetonka and decrease response times to critical incidents.

The success of the project will be measured by an increased number of monthly Water Patrol hours spent on Lake Minnetonka, mid-May through Labor Day, using 5-year average base for comparison.

The project success will also be measured by greater visibility during emergency ordinance declarations, such as high water. This visibility will be measured by staffing reports, listing personnel and shifts assigned to the Lake.

Project Administrator:

Lt. Shane Magnuson will be the project manager for this grant. Lt. Magnuson has been with The Hennepin County Sheriff's Office for 19 years and was most recently assigned to Water Patrol on Lake Minnetonka. Lt. Magnuson will assign staff for this duty, ensure all grant requirements are met, and attend regular meetings of LMCD to report out activity.

AGREEMENT

THIS AGREEMENT is made the ____ day of _____, 2019, by and between the Lake Minnetonka Conservation District, a Minnesota political subdivision, (hereinafter "LMCD") and Hennepin County, on behalf of the Hennepin County Sheriff's Office (hereinafter "Grantee"). The LMCD and the Grantee may hereinafter be referred to individually as a "Party" or collectively as the "Parties".

1. BACKGROUND

- 1.1. Grantee has applied to the LMCD for an allocation from the LMCD's Save the Lake Fund as a grant to pay expenses for law enforcement and boating safety patrol services as described herein.
- 1.2. The LMCD is willing to fund the activities pursuant to the terms of this Agreement.

2. SERVICES

- 2.1. Services. Pursuant to the terms herein, Grantee shall increase and enhance water patrol services on Lake Minnetonka as described in Grantee's application, between 1:00 p.m. and 11:00 p.m., Thursdays, Fridays, weekends and holidays, from Memorial Day weekend through Labor Day ("Services"). Grantee may alter the hours as it determines is appropriate to effectively provide the Services, provided there is no reduction in the minimum number of hours of Services. Grantee shall perform Services in the manner and means determined by Grantee. Grantee reserves the right, in Grantee's sole discretion, to perform or not perform Services.
- 2.2. Reports. Following completion of the Services, but not more often than once per calendar month, Grantee will submit an invoice and, subject to applicable laws (including the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13 ("MGDPA")), a final report to the LMCD describing the activity, the outcome and results of the activity, how the outcome matched the goals and objectives described in the Grantee's application, and any anticipated continuing impacts from the activity.

3. PAYMENT OF GRANT

- 3.1. Payments. LMCD shall pay Grantee for the hours of Services performed by Grantee's personnel under this Agreement. Grantee shall invoice, and LMCD shall pay, for hours of Services performed by Grantee personnel at the rate of _____ dollars (\$____) per hour. The maximum amount that LMCD shall be obligated to pay hereunder shall be _____ Thousand Dollars (\$_____). Grantee shall provide a list of invoiced reimbursable expenses and, as applicable, receipts or copies of receipts therefor. Only those expenses directly related to providing the Services, as determined by the LMCD, are eligible for reimbursement under this Agreement. The LMCD will not be liable or responsible for pay any amounts, or reimbursing any expenses, that exceed the scope of this Agreement or that are not otherwise eligible for payment under this Agreement. The LMCD will pay invoices submitted by Grantee within 30 days of receipt of such invoices.

4. GENERAL TERMS

- 4.1. Term. This Agreement will commence on _____, 2019 and will expire when the Services are completed, a final report submitted, all invoices have been submitted and paid. LMCD's obligation to pay Grantee is limited to Services performed from Memorial Day week-end through Labor Day. The parties shall exercise reasonable efforts to complete performance obligations herein prior to December 31, 2019.
- 4.2. Termination of Agreement. Either Party may terminate this Agreement for any reason upon 30 days' written notice to the other Party. Also, either Party may terminate this Agreement by giving written notice to the other Party in the event the other Party is in material breach of this Agreement and has failed to cure such breach within 10 days of receipt of written notice from the other Party.
- 4.3. Independent Contractor. Grantee will act in all respects as an independent contractor under this Agreement and will be solely responsible for performance of Services required hereunder as well as the means and manner of performance thereof. The LMCD will not be an employer, partner, or co-venturer with Grantee for any purpose. Nothing herein authorizes Grantee to act as an agent or representative of the LMCD for any purpose whatsoever.
- 4.4. Contact. _____ or his/her designee shall serve as Grantee's contact throughout the term of this Agreement. The LMCD shall serve as the contact for the LMCD.
- 4.5. Mutual Indemnification Obligation. Each Party will indemnify and hold harmless the other Party and its representatives from all claims that may be asserted against the other Party that result from the negligent acts or omissions of the indemnifying Party related to the performance of this Agreement. Such right of indemnification will remain in full force and effect after this Agreement terminates. Nothing in this Agreement shall be construed as waiving any exceptions or limitations on liability available to either Party under law.
- 4.6. Data Practices. All of the data created, collected, received, stored, used, maintained, or disseminated by Grantee in performing the Services are subject to the requirements of the Minnesota Government Data Practices Act ("Act"), Minnesota Statutes, chapter 13 and shall be maintained and released in accordance with the Act.
- 4.7. Representations. LMCD represents and warrants that this Agreement and the rights granted herein shall not conflict with the terms of any other agreement, grant or obligations imposed by a third-party funding source on the LMCD. To the extent a claim is made against Grantee demanding forfeiture or other repayment of amounts due, payable or paid hereunder, LMCD shall defend, indemnify and hold harmless Grantee from any such claims, repayment obligation, cost, expense or liability related directly or indirectly thereto. Grantee represents and warrants it has and can provide licensed and trained personnel, as well as sufficient equipment, to enable it to provide the Services required under this Agreement.

LMCD

LMCD warrants that the person who executed this Agreement is authorized to do so on behalf of LMCD as required by applicable articles, bylaws, resolutions or ordinances*.

By: _____

Printed Name: _____

Printed Title: _____

Date: _____

DRAFT

COUNTY ADMINISTRATOR APPROVAL

Reviewed by the County
Attorney's Office

Date: _____

COUNTY OF HENNEPIN
STATE OF MINNESOTA

By: _____

Assistant/Deputy/County Administrator
Department Director of _____

Date: _____

HENNEPIN COUNTY SHERIFF'S OFFICE CONTRACTOR

Chief Deputy
Hennepin County Sheriff's Office

Date: _____



LAKE MINNETONKA CONSERVATION DISTRICT

5341 MAYWOOD ROAD, SUITE 200 • MOUND, MINNESOTA 55364 • TELEPHONE 952/745-0789 • FAX 952/745-9085

TO: LMCD Board of Directors

FROM: Vickie Schleuning, Executive Director 

DATE: April 10, 2019

SUBJECT: Executive Director Update

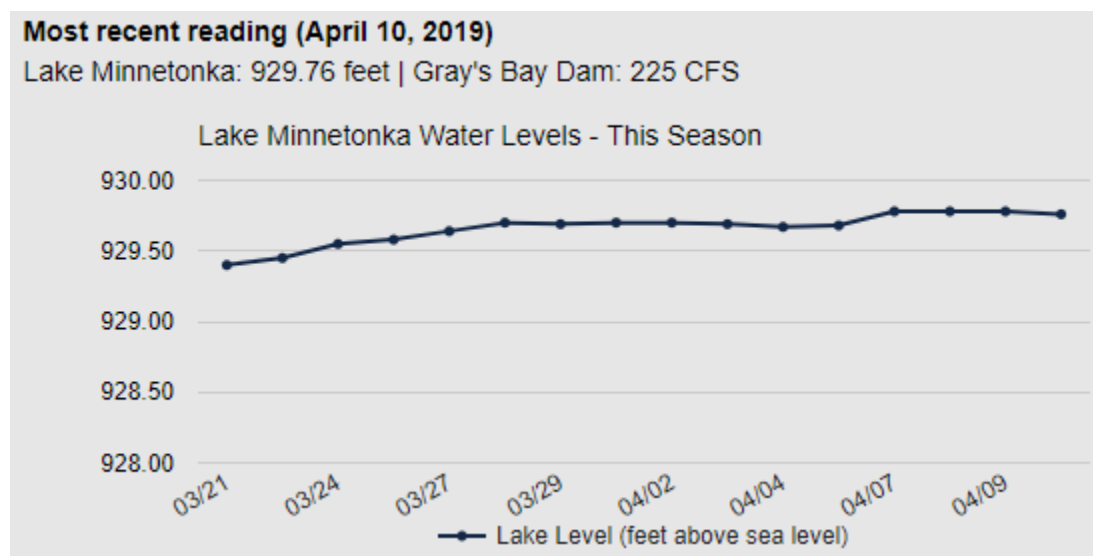
The following items are highlights of ongoing LMCD projects and Lake-related current events.

- **Ice Out**

Ice out is declared by the Hennepin County Sheriff's Office Water Patrol and Freshwater Society. Information will be provided on the LMCD website, Facebook, and Twitter. According to the MN DNR, the median ice out date is April 13, earliest was March 11, 1878 and latest is May 5, 2018. The records are from 1855 to 2018.

- **Water Levels**

Lake Minnetonka water levels are being closely monitored by the Minnehaha Creek Watershed District (MCWD) and coordinated with the Minneapolis Park Board to minimize flooding on the lake and downstream.



Graph from MCWD website 04/10/2019

- **Vegetation and AIS Master Plan development**
Interviews of the parties that submitted proposals are being conducted by the Selection Committee this week.
- **Zebra Mussel Research Project on St. Albans Bay**
A general information sheet is provided in coordination with information from Dr. James Luoma, USGA, regarding the Zebra Mussel Veliger Research Project in St. Albans Bay and Robinsons Bay.
- **LMCD Solar Light program update**
Maintenance and preparation will begin to get the solar lights ready for installation this year.
- **Winter Installation Projects**
Many of the dock installation and maintenance projects that require ice are either completed or will be delayed until next winter.

Please let me know if you have questions.



USGS Zebra Mussel Control Research Project

Lake Minnetonka- St. Albans Bay and Robinsons Bay

Summer 2019

Project Overview

The following information is a summary of the zebra mussel control research project. Research parameters are subject to change depending on various factors.

Non-native zebra mussels negatively impact the ecology infested lakes and they also have additional nuisance and economic consequences. The purpose of this research project is to evaluate the use of low-dose copper treatments to manage zebra mussel populations by suppressing their early life stages. The project will be led by the United States Geological Survey (USGS) with funding provided by Minnesota's Environment and Natural Resources Trust Funds. Project oversight and funds will be provided through the Minnesota Aquatic Invasive Species Research Center (MAISRC). The project was developed after preliminary research conducted by the University of Minnesota and Minnehaha Creek Watershed District on low-dose copper appeared promising. The project is planned to be conducted 2019 within St. Albans Bay (treated) and Robinson Bay (control) of Lake Minnetonka.

Time Frame

The project is anticipated to start in early May with the positioning of buoys. The field components of the project will be completed in October with final equipment and buoy removal. The five every-other-day treatments are expected to start in late July 2019.

Project Details

The USGS will lead the project and coordinate the contracting for the purchase of the EarthTec QZ (copper) and contract laboratory support in collaboration with MAISRC. Applications are currently targeted to begin during the week of July 22, 2019. Five buoys along with zebra mussel settlement plate samplers will be placed in both St. Albans Bay (treated) and Robinson Bay (control) in May to allow for evaluation of zebra mussel colonization success throughout the entire growing season. The buoys will be placed in 12 to 15 feet of water with final removal in October 2019.

The buoys will be 5-inch diameter orange and white spar buoys that are labeled "Hazard Area". Flashing solar lights will be attached to each buoy to minimize the chances of an unintended impact during low light conditions. Potential buoy and test site locations are indicated on the attached maps. Zebra mussel plate samplers will be placed on the lake bed in May and then incrementally removed throughout the summer to assess treatment-related impacts on zebra mussel veliger settlement success over time. During the 14-day treatment application phase, a 1-m² PVC pipe ring will be placed around each buoy. Mesh bags containing adult zebra mussels will be



suspended from the rings and used to assess treatment-related impacts on adult zebra mussel survival. The impacts to native nontarget organisms will also be assessed, including: four fish species, a unionid mussel, zooplankton, benthic invertebrates, and algae. Mesh cages containing hatchery-reared fish will be suspended by the PVC ring and used to determine treatment-related impacts, including, the accumulation of copper residues in fish tissue. A cage containing native mussels and sand (to allow for proper positioning) will be placed on the lake bed near each buoy and used to assess potential treatment-related impacts on native mussel survival. Plankton tows and sediment samples will be collected before and after treatment to assess the impacts to zebra mussel veligers, native zooplankton, and benthic invertebrates. A contracting laboratory (RMB labs) will be used to quantify the abundance of zebra mussel veligers and native zooplankton in the tows and the abundance of benthic invertebrates in the sediment samples. The USGS will also collection a suite of water chemistry parameters that will allow the transfer of the results to other waterbodies. Collection of specific water quality parameters is critical because copper toxicity is affected by water chemistry and these data will allow for the standardization of treatment concentrations to waters with different chemical parameters through the use of the EPAs biotic ligand model.

This research project has support from the Lake Minnetonka Conservation District (LMCD), Lake Minnetonka Association, Hennepin County, the Minnehaha Creek Watershed District, the City of Greenwood, MN DNR, and Tonka Bay Marina. The project has been reviewed for compliance with the National Environmental Policy Act (NEPA) and USGS policy. Project permits for the placement of buoys and equipment and the application of copper have been acquired from the Hennepin County Sherriff's office, LMCD, and the MN DNR.

How You Can Help

While measures are in place to ensure the success of the research project, predicting some things in the environment can be difficult. Your assistance would be appreciated to help with the project. If you notice any movement in the buoys due to weather, traffic wakes, or other reasons, please contact the USGS. If you notice any suspicious activity, contact 9-1-1 for HCSO Water Patrol assistance.

Project Updates and Contact Information

It is anticipated that the results of the research project will be publicly available in early 2020. For more information about the project contact:

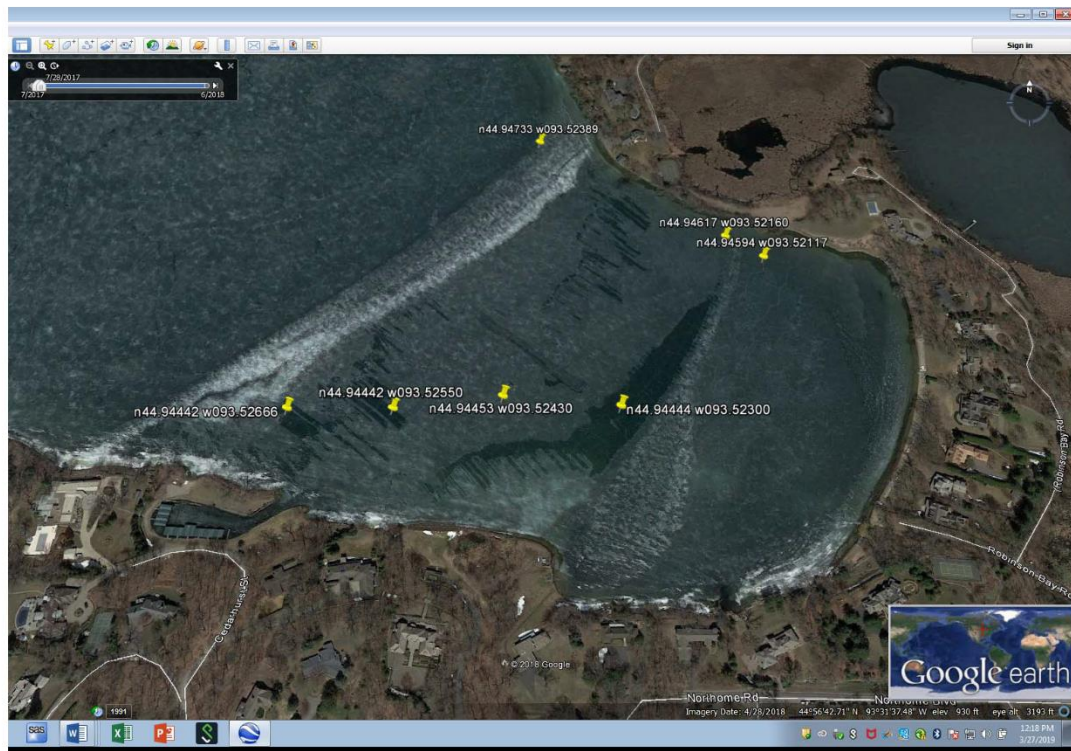
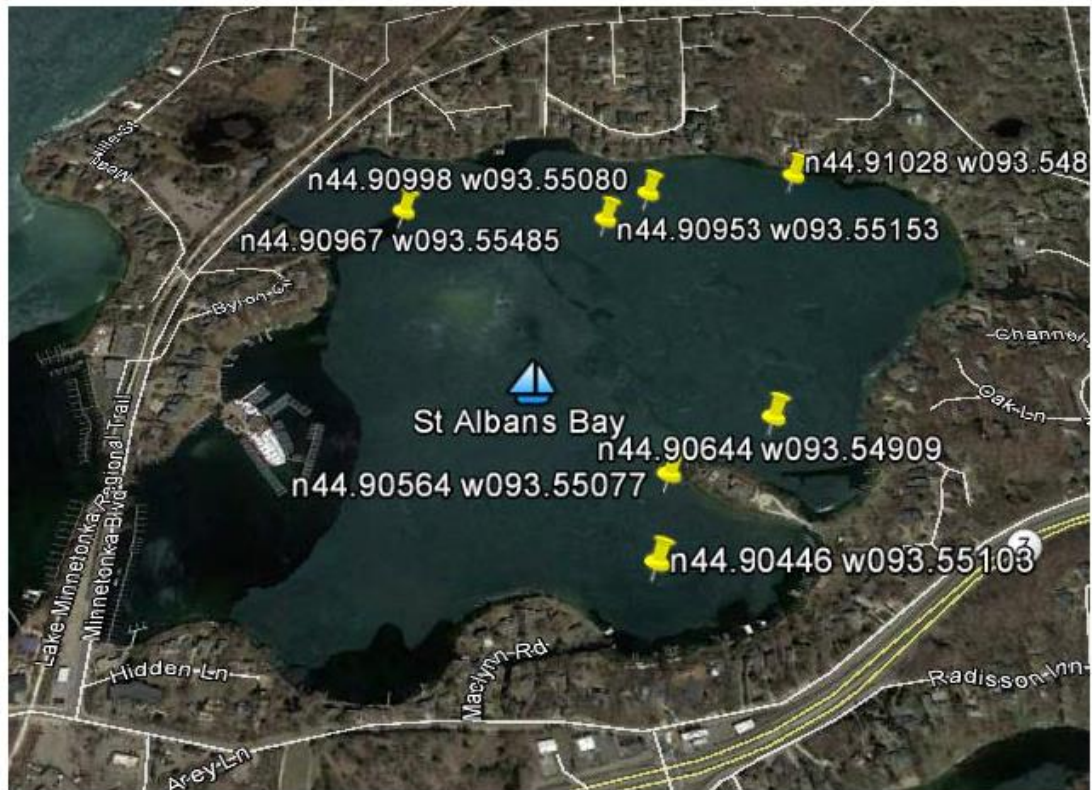
James A. Luoma
Research Fisheries Biologist
Upper Midwest Environmental Sciences Center
2630 Fanta Reed Rd
LaCrosse, WI 54603
Office (608)781-6391, Cell (608)799-1723

Informational Meeting

A public information meeting is tentatively scheduled for 6:00pm, April 23, 2019 at Deephaven City Hall.

Locator Maps Indicating Potential Locations of Buoys

St. Albans and Robinson Bays



https://www.hometownsource.com/sun_sailor/news/local/battle-against-aquatic-invasive-species-in-lakes-continues/article_f4ca8414-54bd-11e9-bba1-2f9163af8fcc.html

FEATURED

Battle against aquatic invasive species in lakes continues

State gives counties millions to reduce spread of zebra mussels, invasive plants

Sabina Badola Apr 1, 2019 Updated Apr 1, 2019



As boating season approaches, organizations on more than 20 lakes within Hennepin County have received grants to prevent the spread of aquatic invasive species such as zebra mussels, Eurasian watermilfoil, starry stonewort and curly-leaf pondweed.

The state distributes \$10 million to counties to prevent the introduction and limit the spread of these species. Since 2015, the state has given Hennepin County more than \$1 million for this purpose.

This year's grant will fund inspectors at three smaller public accesses on Lake Minnetonka: Carson's Bay, Wayzata Bay and Halstead's Bay.

The existing watercraft inspections on Lake Minnetonka, operated by Three Rivers Park District, will also be enhanced.

At Christmas Lake's public access, there will be watercraft inspections by the Minnesota Department of Natural Resources.

Eight lakes throughout the county without public boat access will be surveyed by an environmental consulting group to determine whether or not the lakes contain aquatic invasive species. Local lake association members will be trained to detect the invasive species.

“Nobody else is looking at these kinds of lakes usually,” said Carolyn Dindorf, limnologist and vice president at Fortin Consulting.

Other local initiatives include prevention messaging posted at fuel pumps commonly used by boaters and a summer youth program through Wayzata Community Sailing Center in which more than 300 children learn how to monitor invasive species on Wayzata Bay.

How bad is the problem?

The lakes and the fish in them are negatively affected by these species and are highly vulnerable to the introduction of new invasive species. The invasive species also affect recreation and safety on the lakes.

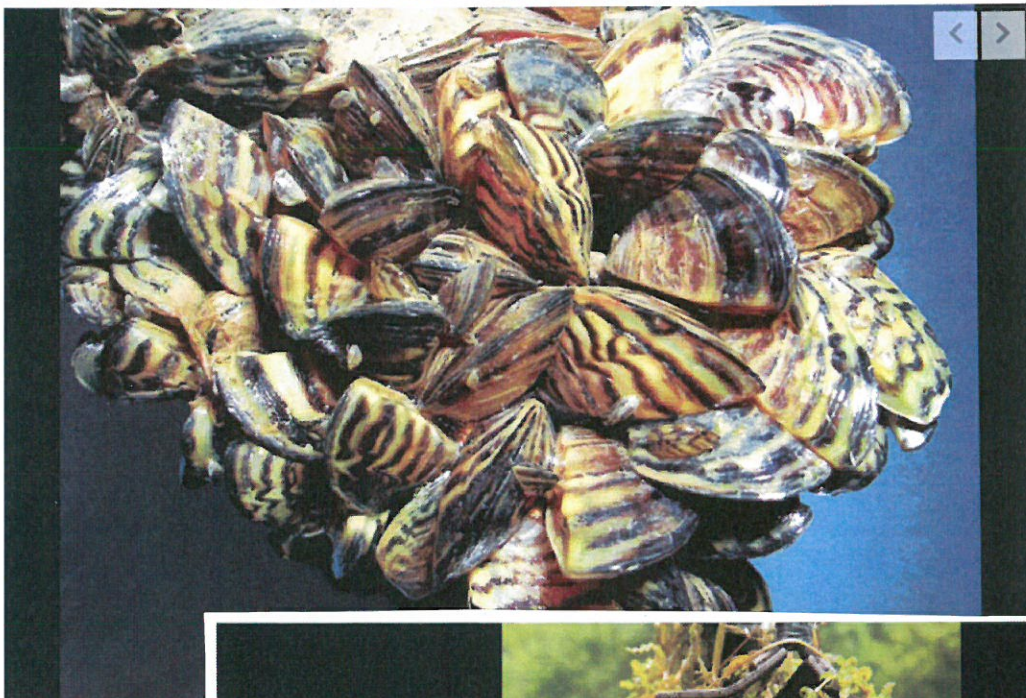
“We’ve had areas that were not navigable,” said Vickie Schleuning, executive director of Lake Minnetonka Conservation District. “We’ve had people report that some of their equipment was ruined because it’d get clogged up in their props or Jet Skis. They’d stop suddenly in an area with traffic coming through.”

These species are difficult to eliminate, so there is often no remedy after they become established in a body of water. For example, Eurasian milfoil was first found in Lake Minnetonka in 1987 and has only spread since then.

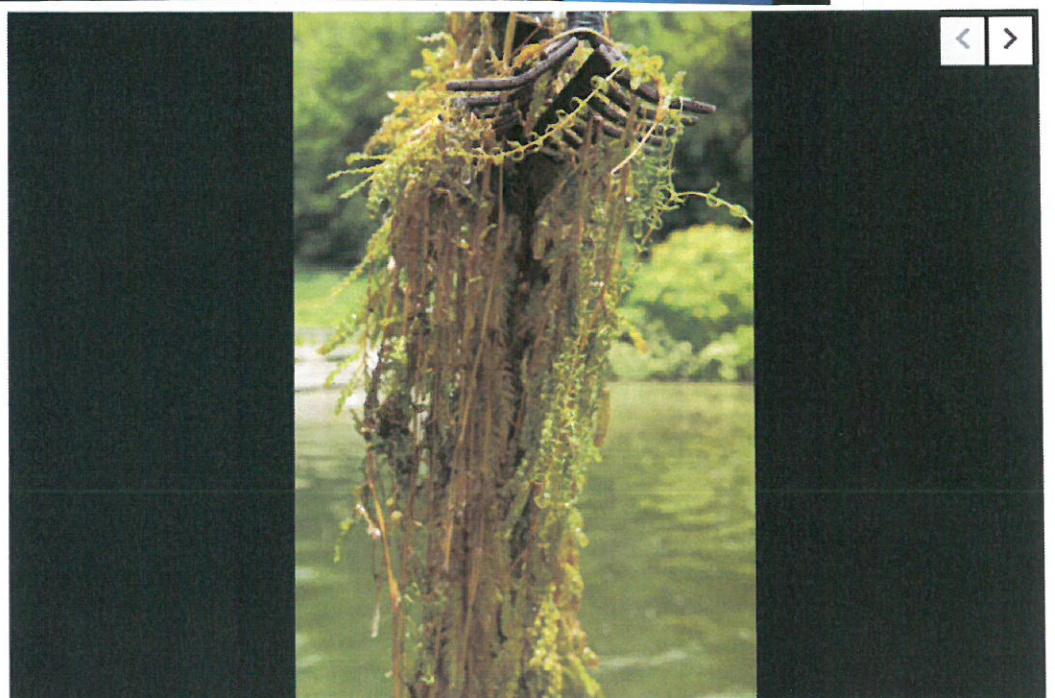
“It’s still around. A lot of money and time and efforts have been spent on trying to eradicate it. And now, seven new hybrid species have been identified, and who knows what the long-term implications of that will be,” Schleuning said.



Eurasian watermilfoil
(Photo courtesy of Minne



Zebra mussels
(Photo courtesy of Minneso



Curly-leaf pondweed
(Photo courtesy of Minnesota Aquatic Invasive Species Research Center)